

THE PSCU PAYMENTS INDEX: OCTOBER 2022

As the fall season begins and we enter the last quarter of 2022, the U.S. economy continues to face persistently high inflation, a looming recession and rising energy prices. Yet consumer purchasing activity showed continued resilience in both credit card and debit card volume in September. In our October 2022 edition of the PSCU Payments Index, our Deep Dive looks into the Utilities sector as energy forecasts become top of mind heading into the winter months.

In the Labor Department's Oct. 13 update, the [Consumer Price Index \(CPI\)](#) was up 0.4% for the month of September, bringing the 12-month rate of inflation to 8.2%. Increases in shelter, food and medical care were largely offset by a 4.9% decrease in the gasoline index. The Bureau of Labor Statistics (BLS) [reported](#) in its September 2022 jobs report that 263,000 jobs were added for the month – fewer than August (315,000 jobs) and below the pace of the first half of 2022 (approximately 400,000 jobs per month). The unemployment rate fell to 3.5% in September, with the number of unemployed decreasing to 5.8 million. Notable job gains occurred in the leisure and hospitality sectors, as well as healthcare.

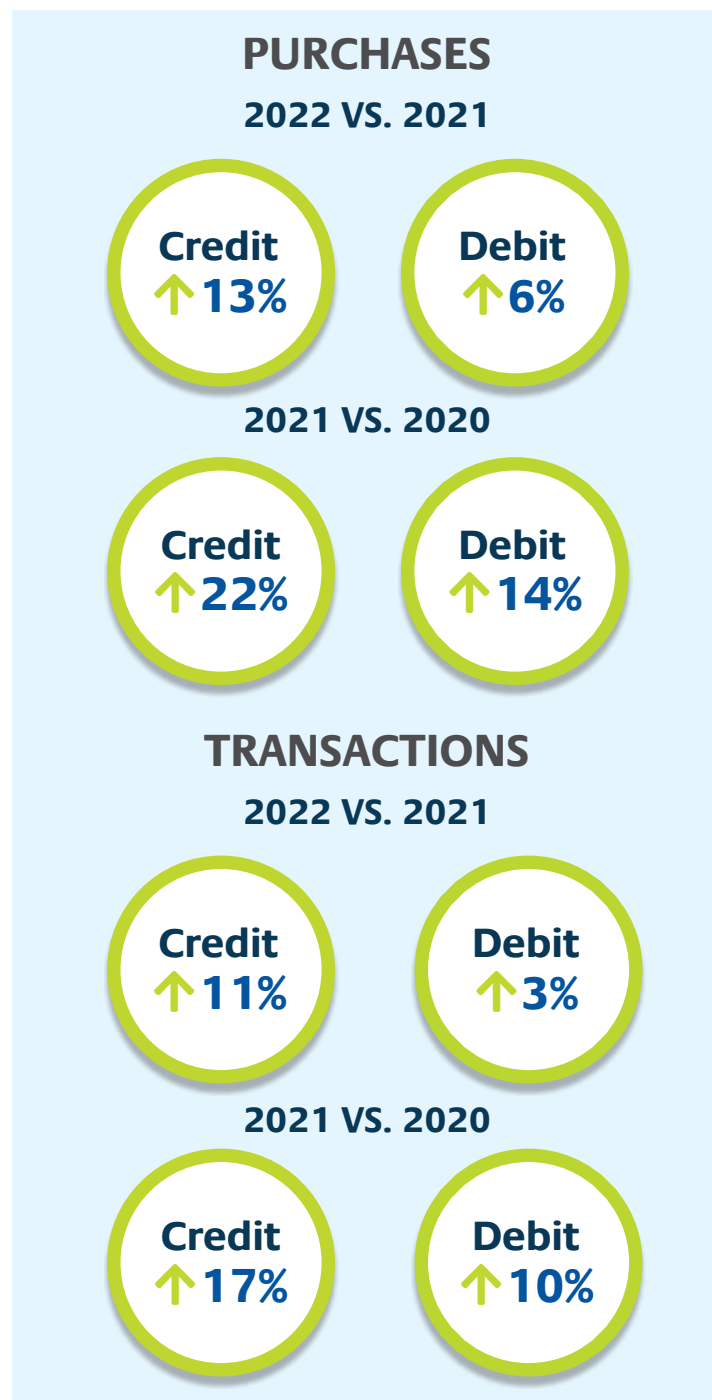
The Federal Reserve will meet on Nov. 1-2 with subsequent interest rate hikes likely, influenced by factors including inflation, jobs and the housing market. An interest rate increase in November would mark the [sixth increase this year](#), with the previous five increases raising rates by a total of three percentage points. While the Fed's hopes for a soft economic landing remain uncertain, President Biden on Oct. 11 acknowledged that a "slight recession" is possible in 2023. On Oct. 13, the Social Security Administration announced that Social Security beneficiaries will receive an 8.7% cost-of-living adjustment to their benefits in 2023, marking the highest increase in 40 years.

The [Consumer Confidence Index](#) increased for the second consecutive month in September, following three consecutive months of declines, and is now at 108.0 (1985=100). While the confidence is fueled by jobs, wages and declining gas prices, optimism from falling gasoline prices may be short-lived. Gasoline prices, which fell as low as \$3.77 per gallon during the week of Sept. 19, have increased by 3% over the past three weeks to [\\$3.87 per gallon](#) for the national average. On Oct. 5, OPEC+ [announced](#) that it would lower oil production by two million barrels per day, or by roughly 5%, in response to waning worldwide demand. The decision, announced several weeks before U.S. midterm elections, was viewed as a sign of support for Russia to aid in the funding of its ongoing war with Ukraine.

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

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

OVERALL PERFORMANCE – OCTOBER 2022



KEY TAKEAWAYS

- Consumer spending on cards remains strong, with credit cards continuing to outpace debit cards. For September, credit purchases were up 13% and debit purchases were up 6% year over year. Year to date through September, credit purchases were up 18% and debit purchases were up 6%. Current inflationary pressures continue to drive growth in purchases, outpacing growth in transactions. For September, growth in overall transactions was up 11% for credit and 3% for debit.
- The Consumer Price Index (CPI-U) decreased on an annual basis to 8.2% in September, influenced by lower prices in Gasoline and higher prices in Shelter, Food and Medical Care. The Fed meets next on Nov. 1-2, with another large interest rate increase anticipated.
- In this month’s Deep Dive on Utilities spending, the two main components of the sector detail the inflationary impacts of energy costs and potential concerns of “fuel poverty” as we transverse the winter months. Growth in purchases for electric, gas (propane and home heating fuel), water and sanitation was up 29% for credit and 15% for debit for September 2022. For transactions, credit was up 13% and debit was up 5% for September. The second half of the Utilities sector, comprised of telecommunications and cable/internet access, saw year-over-year purchases up 9% for credit and up 1% for debit. For transactions, credit was up 10% and debit was down 2% for September.
- The September average credit card balance per active account was \$2,797, up 6.1% (or \$160) year over year. Credit card balances surpassed the September 2020 results of \$2,787 for the first time since the decline in card balances that began in early 2020. The credit card delinquency rate for September was 1.74%, 16 basis points lower than pre-pandemic September 2019 levels.

This month’s Deep Dive in the PSCU Payments Index highlights the dramatic impact of inflation within the Utilities sector. While telecommunications and cable/internet remained strong, purchases and transactions remained largely flat. At the same time, purchases and transactions in the electric/gas/water/sanitation portion of the sector were up substantially year over year, signaling the inflationary effects that our members will be faced with to heat and maintain their homes as the winter months arrive. We appreciate PSCU’s analysis of these trends and assisting us to help our members with options to plan for and meet their monthly obligations.



— **Leanne McGuinness, Chief Financial Officer, The Summit Federal Credit Union (Rochester, NY)**



DEEP DIVE: UTILITIES

Our Deep Dive this month represents some of the country’s recurring living and communication costs. Our Utility sector focuses on activities within five merchant categories: Utilities (Electric, Gas, Water, Sanitary); Telecom Services; Telecom Equipment; Cable, Satellite & Other Pay TV & Radio Services; and Fuel Dealers (propane and home heating oil – this category does not include automotive fuel).

For the overall sector, September purchases were up 14% for credit and 5% for debit as compared to September 2021. Transaction activity for the same period shows that credit was up 10% and debit was down 1%. When we divide Utilities into two main components of energy/fuel-related expenses and internet access/telecom, there are two distinct stories.

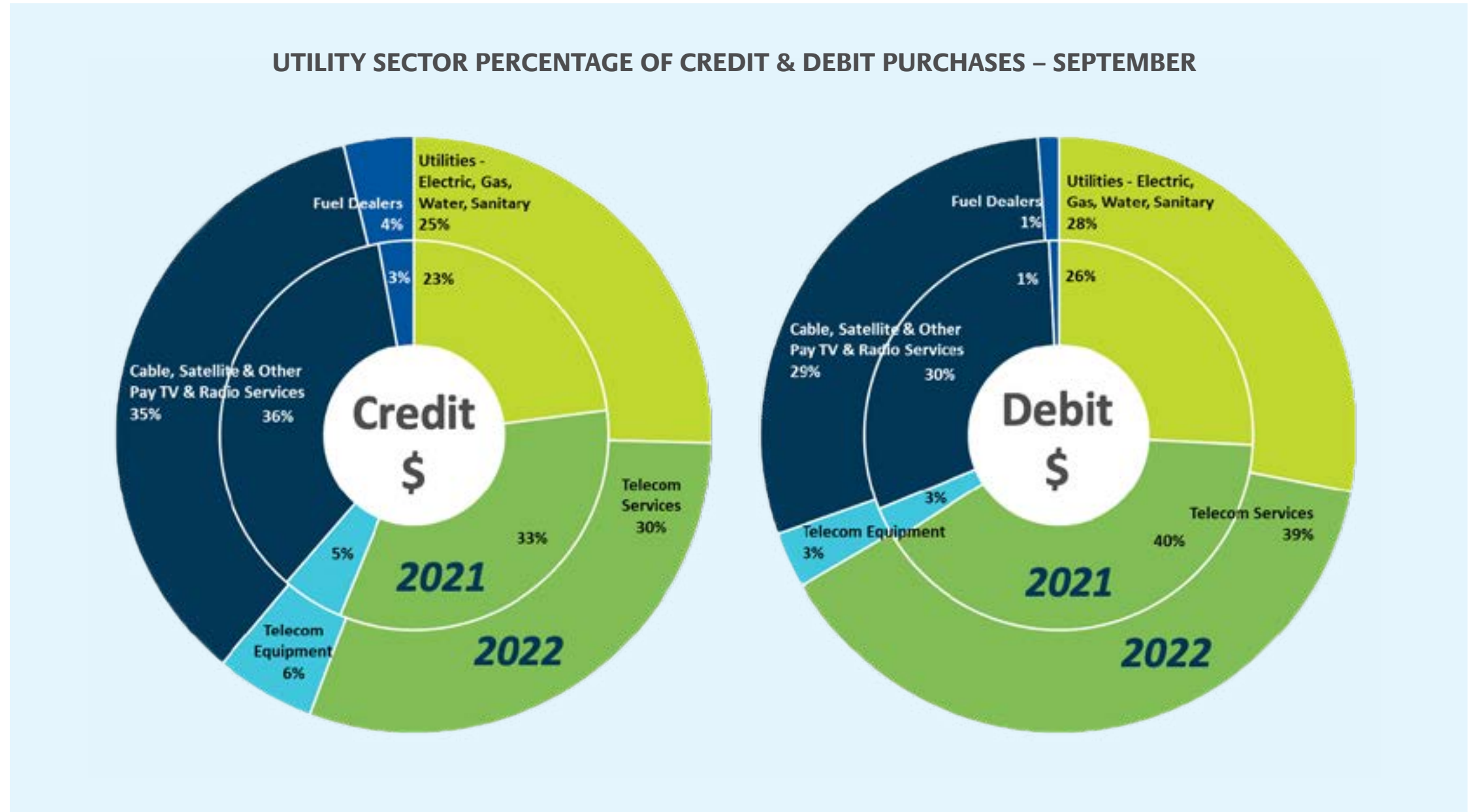
UTILITIES SECTOR ACTIVITY – SEPTEMBER 2022 YEAR-OVER-YEAR GROWTH

Merchant Category	Credit		Debit		Top Merchants	Average Purchase	
	Transactions	Purchases	Transactions	Purchases		Credit	Debit
Utilities - Electric, Gas, Water, Sanitary (4900)	12%	26%	5%	14%	(NUMEROUS REGIONAL MERCHANTS) Duke Energy, Consumers Energy, Dominion Energy, Reliant Energy	\$152	\$142
Fuel Dealers (5983)	25%	50%	14%	45%	Ferrell Gas, Suburban Propane, (NUMEROUS REGIONAL FUEL OIL & PROPANE MERCHANTS)	\$397	\$246
Sub Total - Utilities & Fuel	13%	29%	5%	15%		\$165	\$145
Cable, Satellite & Other Pay TV & Radio Services (4899)	12%	12%	-2%	1%	Spectrum, AT&T, Comcast, Netflix, Dish Network, SiriusXM, Apple, Cox, Hulu, DirecTV	\$45	\$40
Telecom Services (4814)	5%	4%	-2%	1%	Verizon, AT&T, T-Mobile, Sprint, StraightTalk, MetroPCS, Cricket Cellular Sales, Xfinity, Boost, ADT Security	\$94	\$114
Telecom Equipment (4812)	19%	21%	10%	12%	T-Mobile, Verizon, AT&T, Cricket Cellular Sales, Boost, Russell Cellular, Metro PCS	\$146	\$109
Sub Total - Access & Telecom	10%	9%	-2%	1%		\$62	\$65
Grand Total - Utilities	10%	14%	-1%	5%		\$76	\$77



The energy and fuel-related portion of the utilities sector is seeing increases impacted by high gasoline and oil prices. For this group of categories in September 2022, credit purchases were up 29% and debit purchases were up 15% compared to 2021. For the same period, credit transactions were up 13% and debit transactions were up 5%. This group of merchant codes includes home electric bills, natural gas including propane, home heating oil and water. With gasoline prices starting to again increase as we head into the winter months, consumers could be faced with tough choices for these expenses, especially in colder climates.

The second half of the merchant codes within the Utilities sectors includes internet access and telecommunication activity. These codes include merchants related to a host of different activities from wireless/



cell phone services and equipment (AT&T, T-Mobile) to internet access and cable services (Spectrum, Comcast, DirecTV) to many, but not all, streaming services (Amazon, Apple, Netflix, SiriusXM, Hulu, ROKU, Sling, Disney+, Peacock, Google). For this group of merchant codes in the month of September 2022, credit purchases were up 9% and debit purchases were up 1% year over year. Transaction volumes were up 10% for credit and down 2% for debit compared to September 2021.



CHECKING IN: LEGAL GAMBLING ACTIVITY

With the start of the NFL season in September, legal gambling began its seasonal uptick in activity. While we track four merchant codes in the Gambling category, the notable growth is in the Government Licensed Internet Gambling merchant category code (MCC 7801). From our March 2022 Deep Dive, top merchants in this category include FanDuel, DraftKings, BetMGM and BetRivers. Indexing these weekly transactions back to the first week of January 2021 (100), credit transactions finished the week ending October 2, 2022 up 67% (or 167) and debit transactions finished the same week up 177% (or 277). For the month of September in MCC 7801, credit purchases were up 31% and debit purchases were up 54% compared to September 2021. In comparing the first week of this year's NFL season (week ending September 11, 2022) to the start of the NFL season in 2021, credit purchases were up 52% and debit purchases

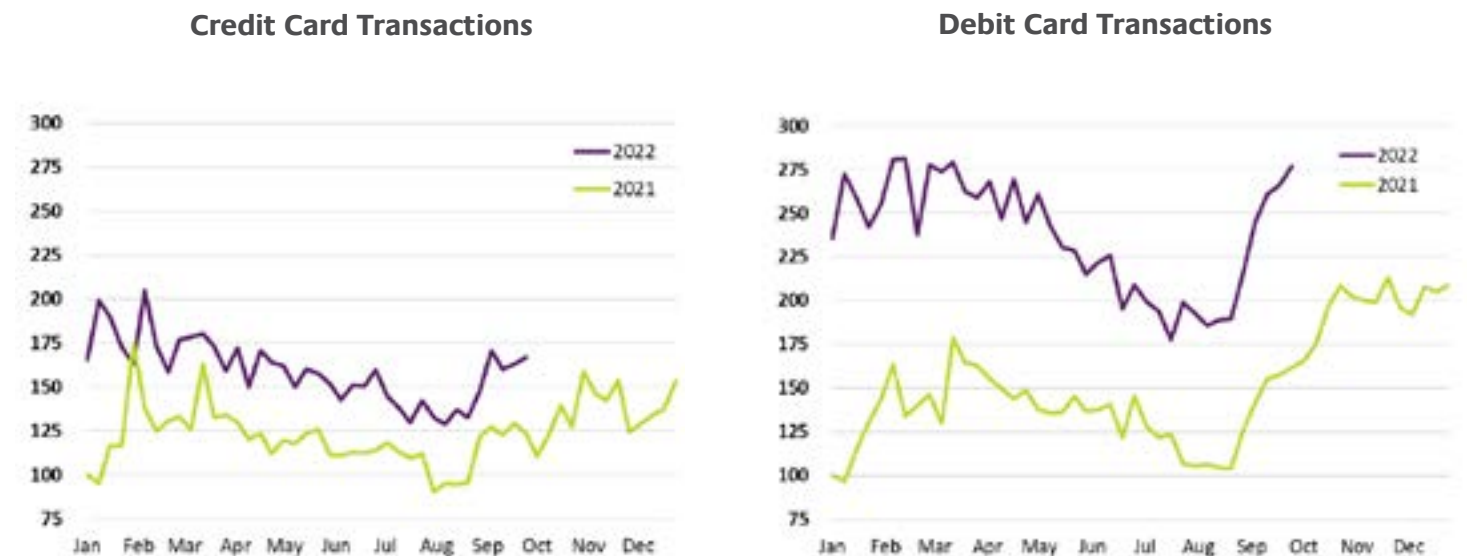
GAMBLING RELATED MERCHANT CATEGORIES – SEPTEMBER 2022 YEAR-OVER-YEAR RESULTS

Merchant Category	Credit		Debit		Top Merchants	Average Purchase	
	Transactions	Purchases	Transactions	Purchases		Credit	Debit
Government Licensed Internet Gambling (7801)	30%	31%	70%	54%	FanDuel, DraftKings, BetMGM and BetRivers	\$163	\$59
Government Owned Lotteries (7800)	4%	-2%	11%	16%	Grocery stores, gas stations and state-run lottery entities	\$38	\$31
Government Licensed Horse/Dog Racing (7802)	25%	9%	5%	2%	TVG Network (digital cable & satellite TV network owned by FanDuel)	\$111	\$74
Gambling & Betting (7995)	0%	38%	-57%	33%	(NUMEROUS LOCAL CASINOS)	\$253	\$312
Grand Total	21%	26%	42%	42%		\$127	\$52

were up 58% in MCC 7801, while transaction growth was up 34% for credit and 73% for debit for the same week year over year.

For the overall Gambling category, credit purchases were up 26% and debit purchases were up 42% for September compared to 2021. For the same period, credit transactions were up 21% and debit transactions were up 42%. Consistent with our previous Deep Dive into Gambling, debit volumes are notably larger than credit volumes and they both represent a fraction of overall credit and debit purchases. As a percentage of overall purchases, Gambling purchases on credit cards represent 0.172% and gambling purchases on debit cards represent 0.463%.

GOVERNMENT LICENSED INTERNET GAMBLING (7801) WEEKLY TRANSACTIONS INDEXED TO JANUARY 2021





Source: jetcityimage - stock.adobe.com

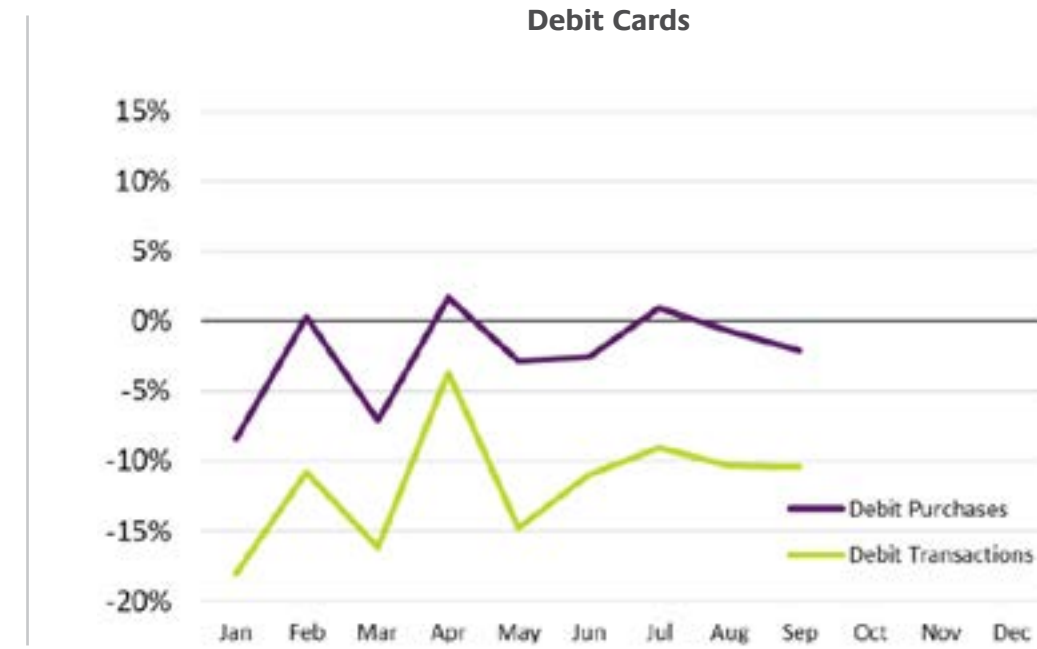
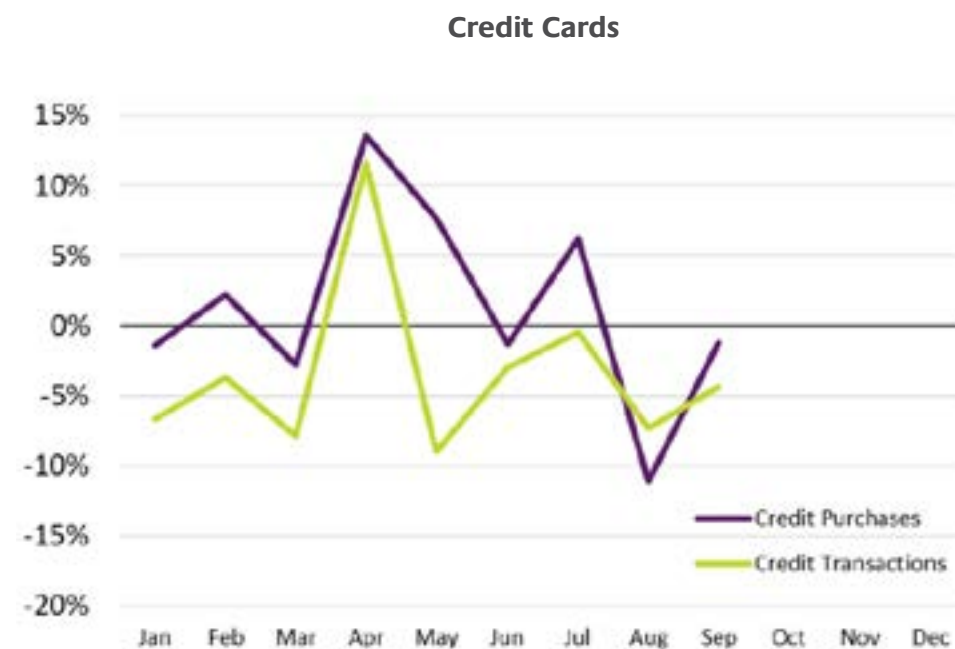
CHECKING IN: COURIER/POSTAL SERVICES

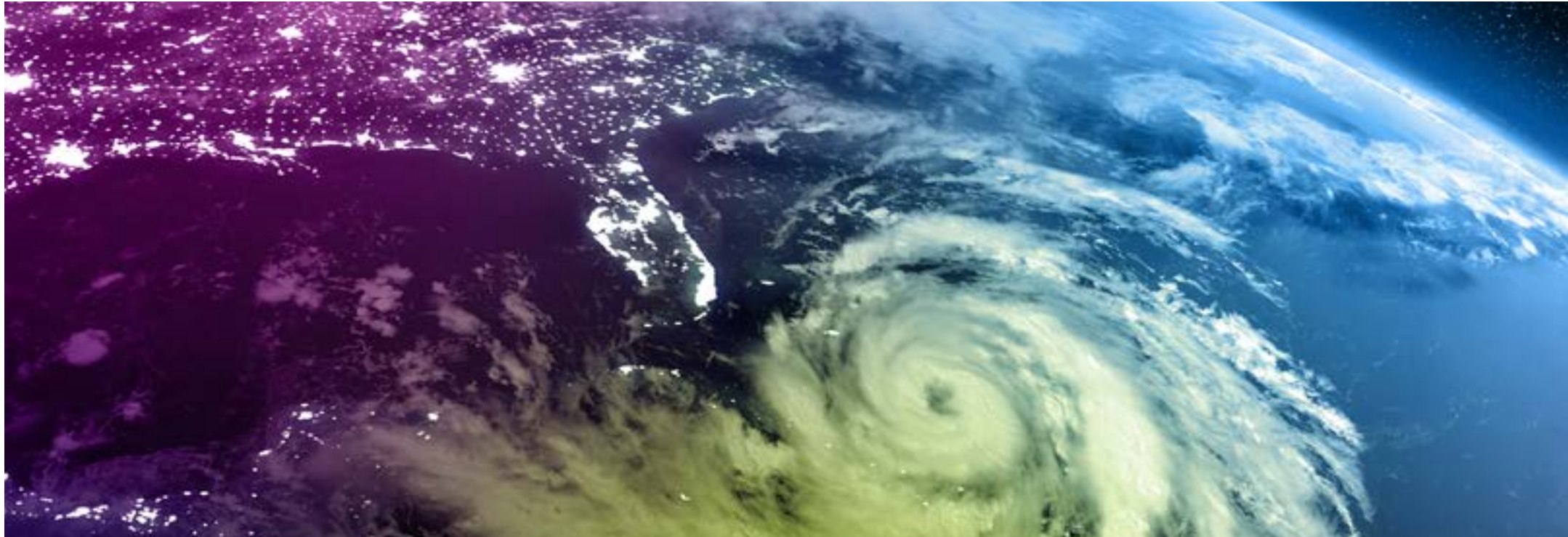
While traditional economic indicators have proven less conclusive in the post-pandemic environment, concerns are mounting over whether the economy is approaching – or currently in – a recession. In a recent interview, the [CEO of FedEx discussed the company's notably revised earnings estimate](#) in light of the drop in worldwide shipping demand, suggesting that the country is indeed heading toward a recession. In the merchant categories representing postage and courier services (which includes USPS, FedEx, UPS), year-to-date 2022 transaction volume is down 4% on credit cards and down 12% on debit cards.

SHIPPING (COURIER/POSTAL SERVICES) RELATED ACTIVITY – YEAR-TO-DATE 2022 THROUGH SEPTEMBER

Merchant Category	Credit		Debit		Top Merchants	Average Purchase	
	Transactions	Purchases	Transactions	Purchases		Credit	Debit
Courier Services (4215)	2%	13%	-9%	0%	FedEX, UPS	\$59	\$29
Postal Services (9402)	-5%	-3%	-12%	-3%	USPS	\$27	\$56
Grand Total - Shipping	-4%	1%	-12%	-3%		\$33	\$52

MONTHLY GROWTH IN SHIPPING (COURIER/POSTAL SERVICES) RELATED MERCHANT CATEGORIES





MONITORING: ECONOMIC IMPACT OF HURRICANE IAN

Hurricane Ian, which made landfall in Florida as a Category 4 hurricane on Sept. 28, likely caused between \$53 billion to \$74 billion in insured losses from Florida to the Carolinas, according to [recent data](#) from modeling firm RMS. These damage estimates would make Hurricane Ian one of the costliest storms in U.S. history – second to Hurricane Katrina when adjusted for inflation. We will continue to monitor the economic impacts of this devastating storm as the impacted areas work to rebuild.

LOOKING AHEAD: HOLIDAY SPENDING

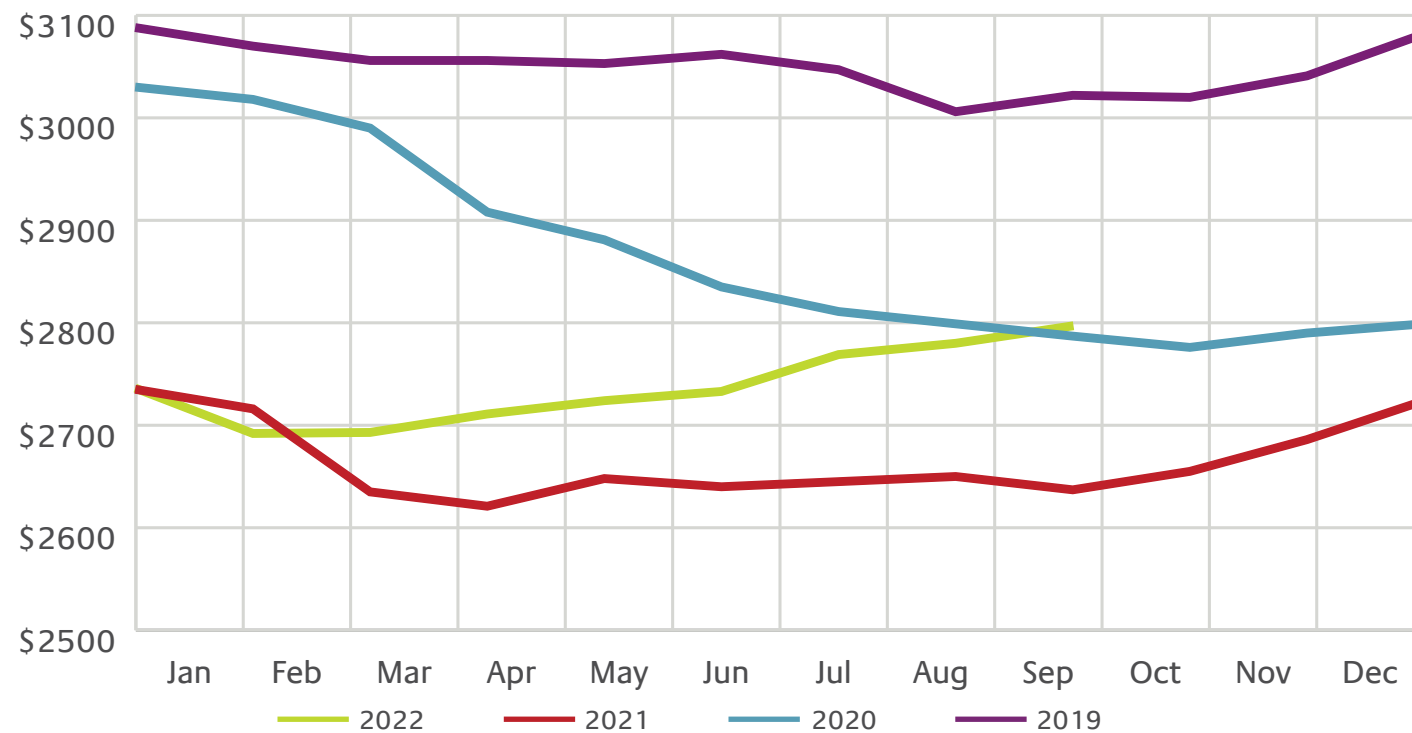
With concerns over softened consumer spending heading into the holiday season, Amazon held their [second Prime Day sale of the year](#) on Oct. 11-12. [Walmart and Target](#) announced similar sales from Oct. 8-9. From November 2022 through January 2023, the PSCU Payments Index will present its second annual three-part Deep Dive on Holiday Spending, in which we will explore the changing preferences of consumers during the expanded holiday shopping season.



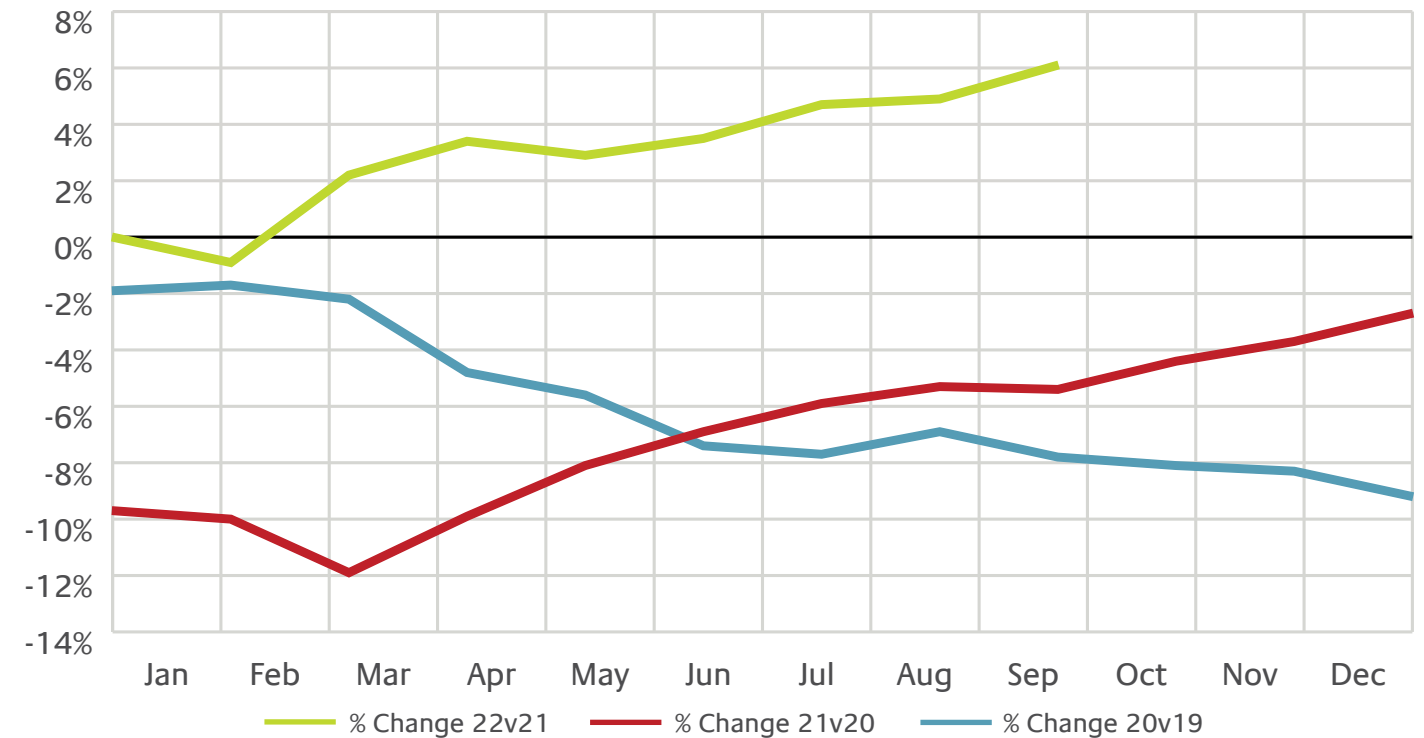
CREDIT CARD BALANCES

Average credit card account balances finished September 2022 at \$2,797, up 6.1% (or \$160) year over year and above September 2020 levels. Balances have now exceeded their 2020 level. Increases in credit card balances have notably picked up over the past six months as compared to the first quarter of 2022 – with an average year-over-year growth rate of 4.2% vs. 0.5%, respectively. September 2022 marked the seventh consecutive month of positive year-over-year growth in balances.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT
September

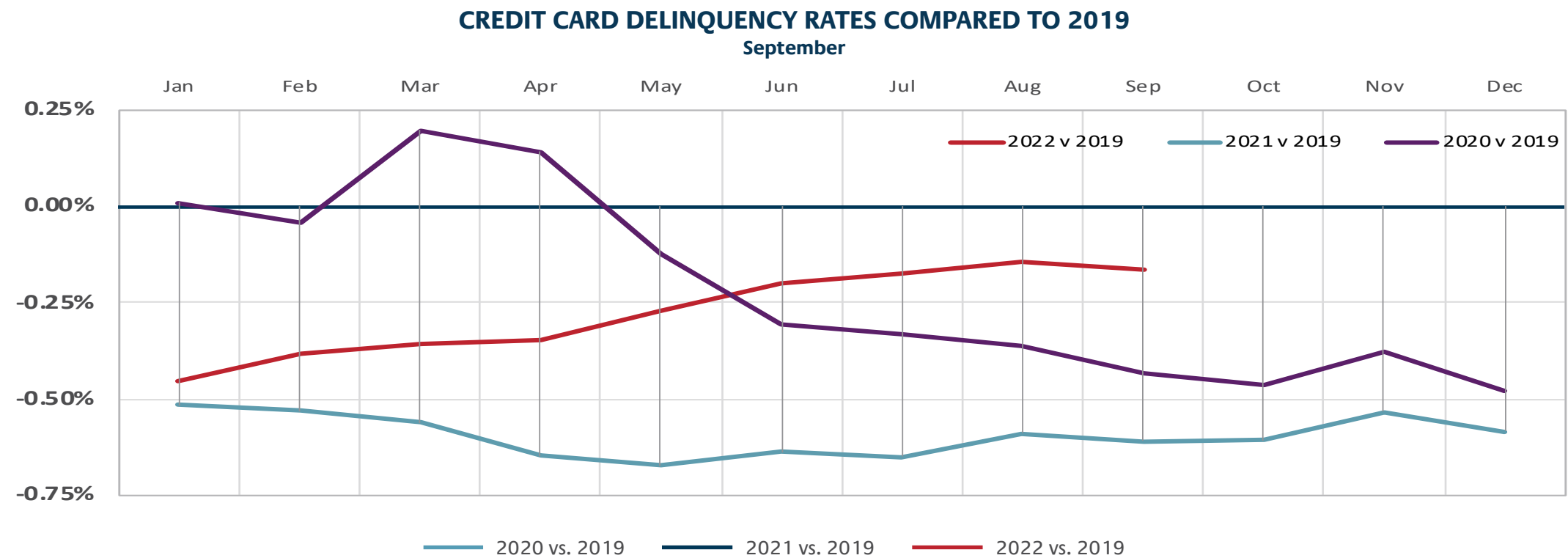
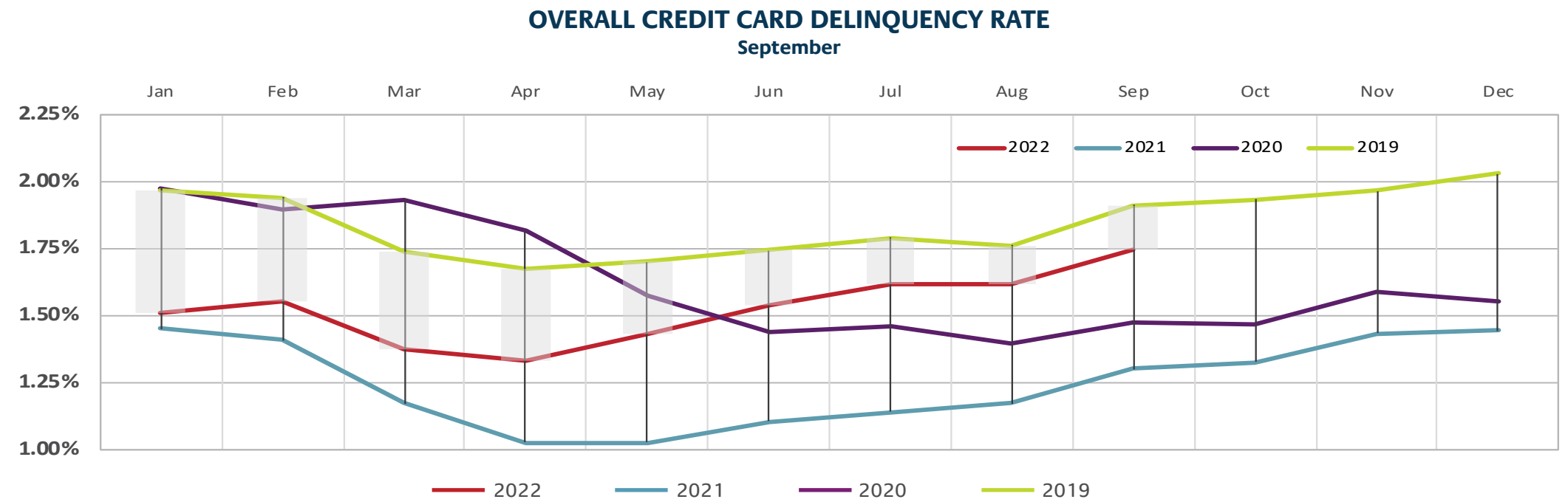


PERCENTAGE CHANGE IN AVERAGE CREDIT CARD BALANCES
September



CREDIT CARD DELINQUENCIES

The September 2022 credit card delinquency rate finished at 1.74%. The gap between September 2022 and pre-pandemic September 2019 measured 16 basis points, increasing from 14 basis points in August and pausing the downward trend for 2022.

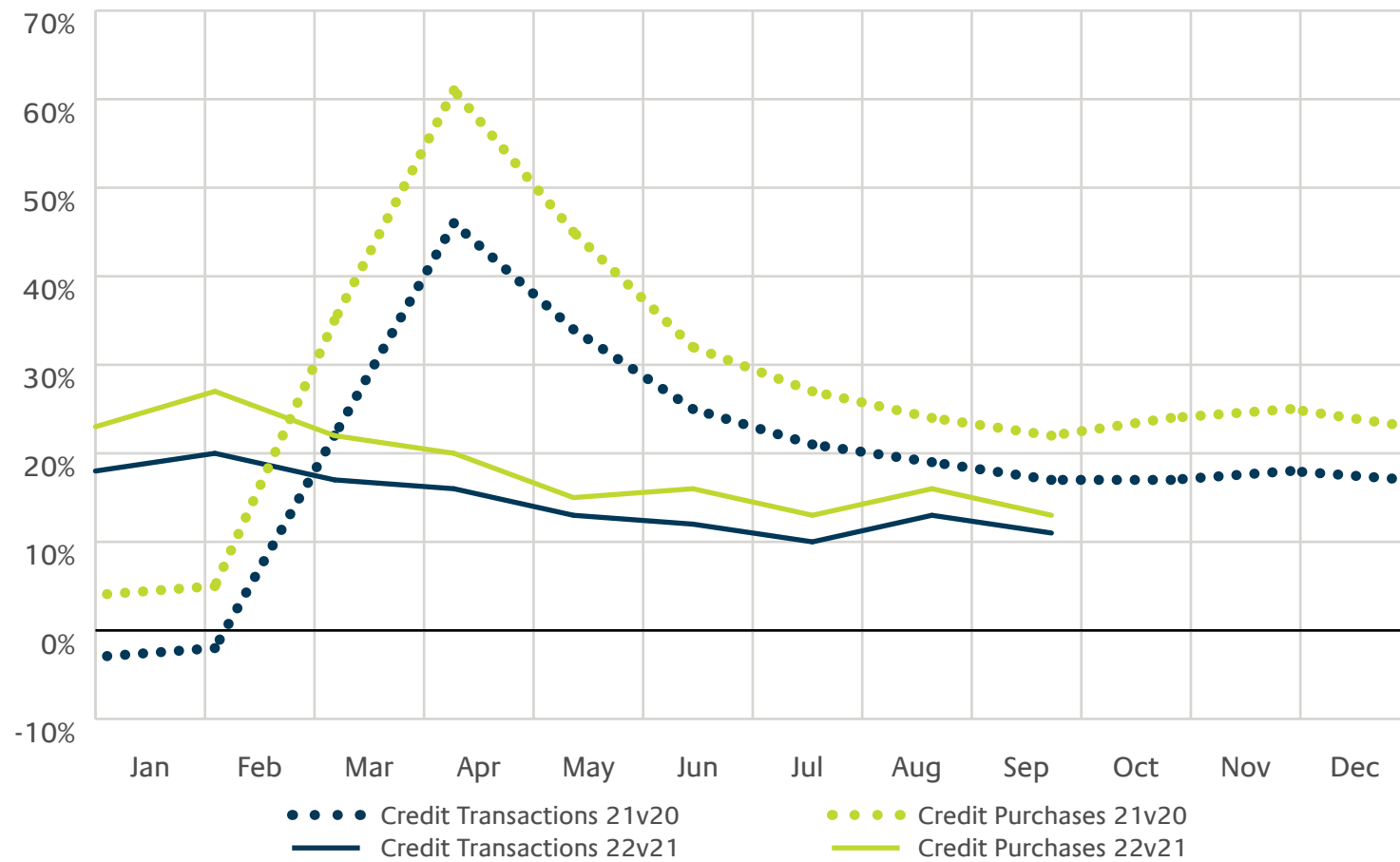


CREDIT AND DEBIT CARDS

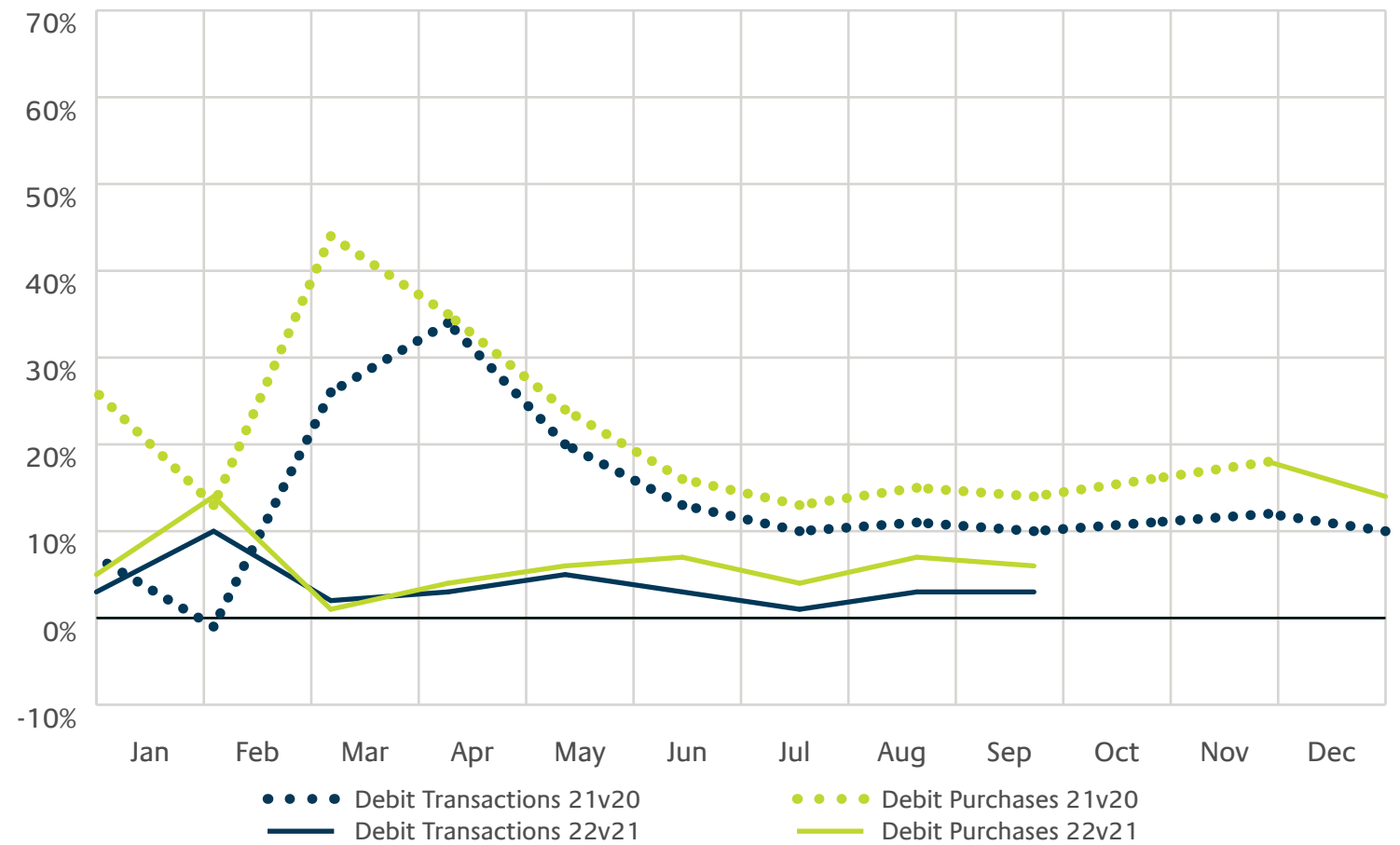
Consumer spending growth on credit cards remained strong in September, with credit purchases up 13% and debit purchases up 6% compared to September 2021. Transactions continued to grow at a slower pace than purchases, with the volume of credit transactions up 11% and debit transactions up 3% compared to the same timeframe.

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2022 v 2021	11%	13%	3%	6%
2021 v 2020	17%	22%	10%	14%

CREDIT
September



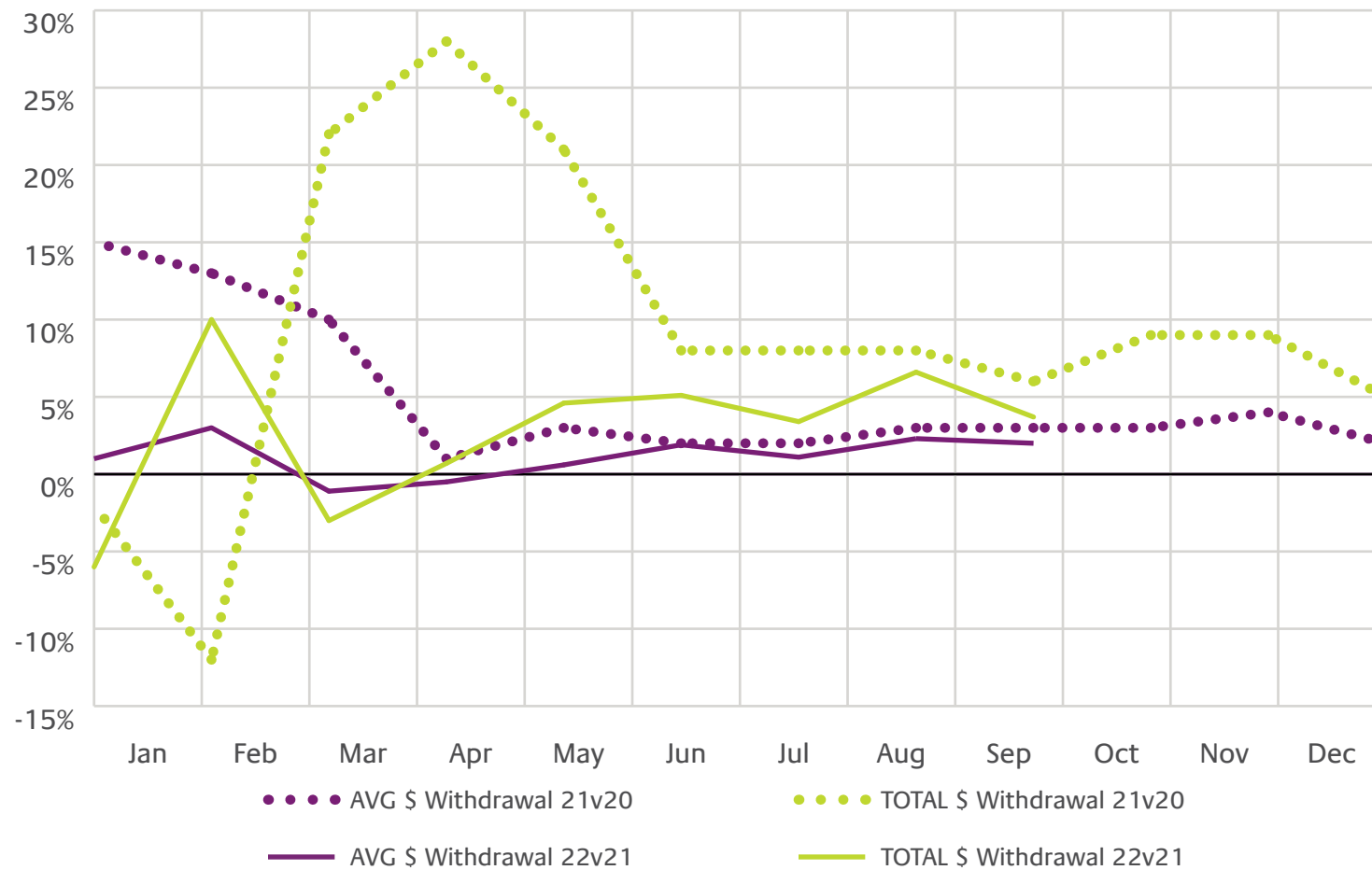
DEBIT
September



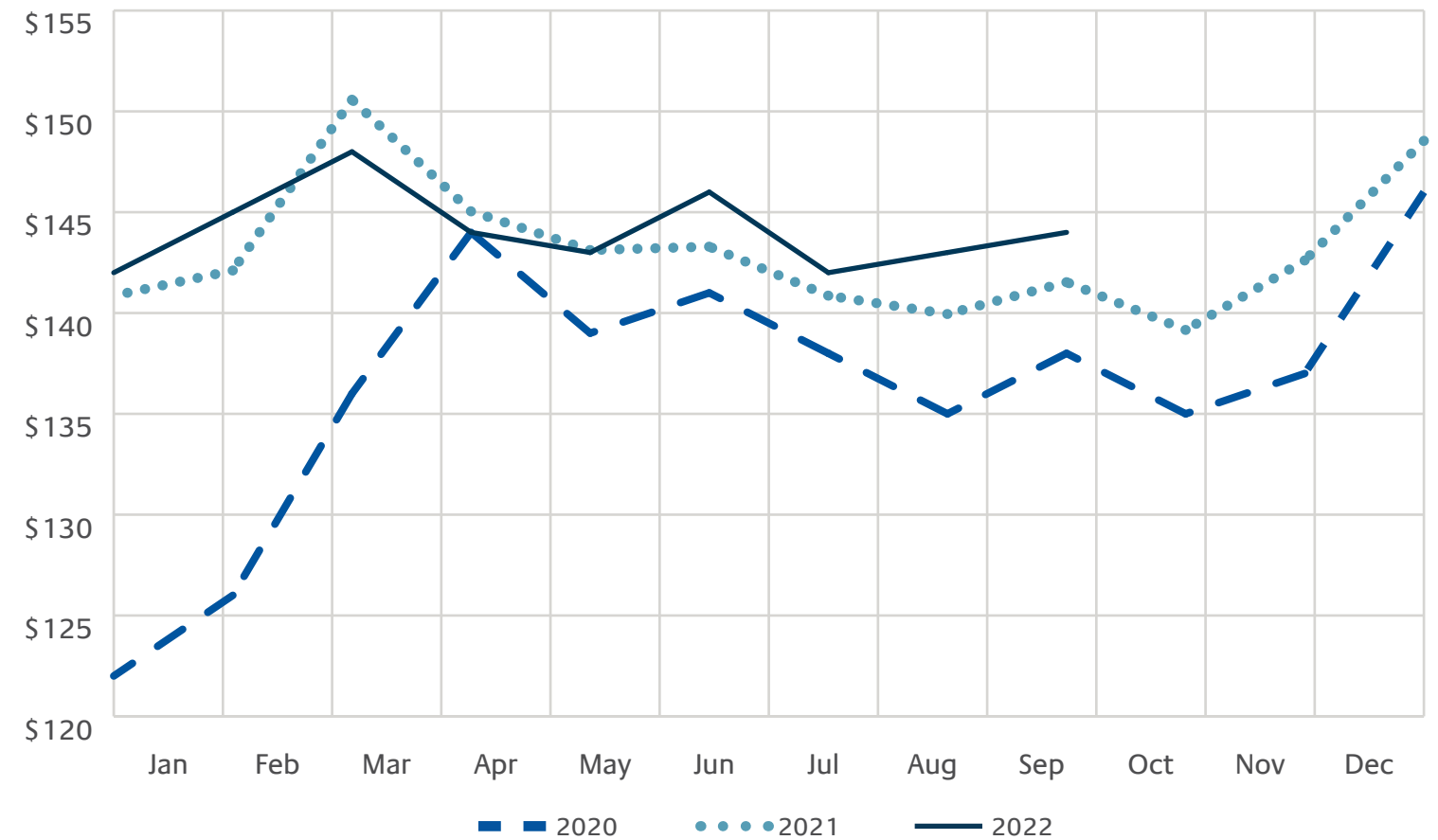
ATM

For September 2022, growth in ATM withdrawal transaction volume was up 1.7% year over year. The average amount withdrawn per transaction increased in September, up 2.0% compared to September 2021 at \$144. For September 2022, total cash withdrawn was up 3.7% year over year.

YOY GROWTH IN ATM WITHDRAWALS
September



AVERAGE ATM WITHDRAWAL
September



SECTORS/MERCHANT CATEGORIES

Sector growth rates for credit purchases continued to outpace growth rates in all corresponding debit purchase sectors in our September results. Each sector posted double-digit growth in credit purchases, with the exception of Goods and Drug Stores, which were up 7% and 4%, respectively, year over year. The top three sectors for year-over-year growth in credit purchases for September were Travel (+34%), Gasoline (+26%) and Entertainment (+25%).

For debit purchases, the Drug Store sector was again the only sector with year-over-year negative growth for September, down 0.2%. For the fifth consecutive month, two sectors had double-digit, year-over-year growth in debit purchases: Entertainment (+14%) and Gasoline (+13%). The remaining sectors all posted single-digit growth in debit purchases in September.


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 five of the sectors: Entertainment, Gasoline, Groceries,


 DRUG STORES September 2022 V 2021			
	Credit	Debit	
YoY Purchases	5%	-0.2%	
YoY Transactions	5%	-2%	


 GOODS September 2022 V 2021			
	Credit	Debit	
YoY Purchases	7%	1%	
YoY Transactions	7%	1%	

 SERVICES September 2022 V 2021			
	Credit	Debit	
YoY Purchases	11%	6%	
YoY Transactions	10%	6%	


Restaurants and Utilities. Travel was the only sector in which year-over-year transaction growth outpaced growth in purchases for debit activity. For credit activity in both the Drug Store and Goods sectors, transaction and purchase growth were the same, up 5% and


 ENTERTAINMENT September 2022 V 2021			
	Credit	Debit	
YoY Purchases	25%	14%	
YoY Transactions	17%	10%	

 GROCERIES September 2022 V 2021			
	Credit	Debit	
YoY Purchases	17%	7%	
YoY Transactions	12%	3%	

 TRAVEL September 2022 V 2021			
	Credit	Debit	
YoY Purchases	34%	4%	
YoY Transactions	24%	6%	

7% respectively compared to September 2021. For the Service sector, growth in transactions (+11%) just outpaced growth in purchases (+10%) for credit. For the Goods sector debit activity, purchases and transactions were up 6% year over year.

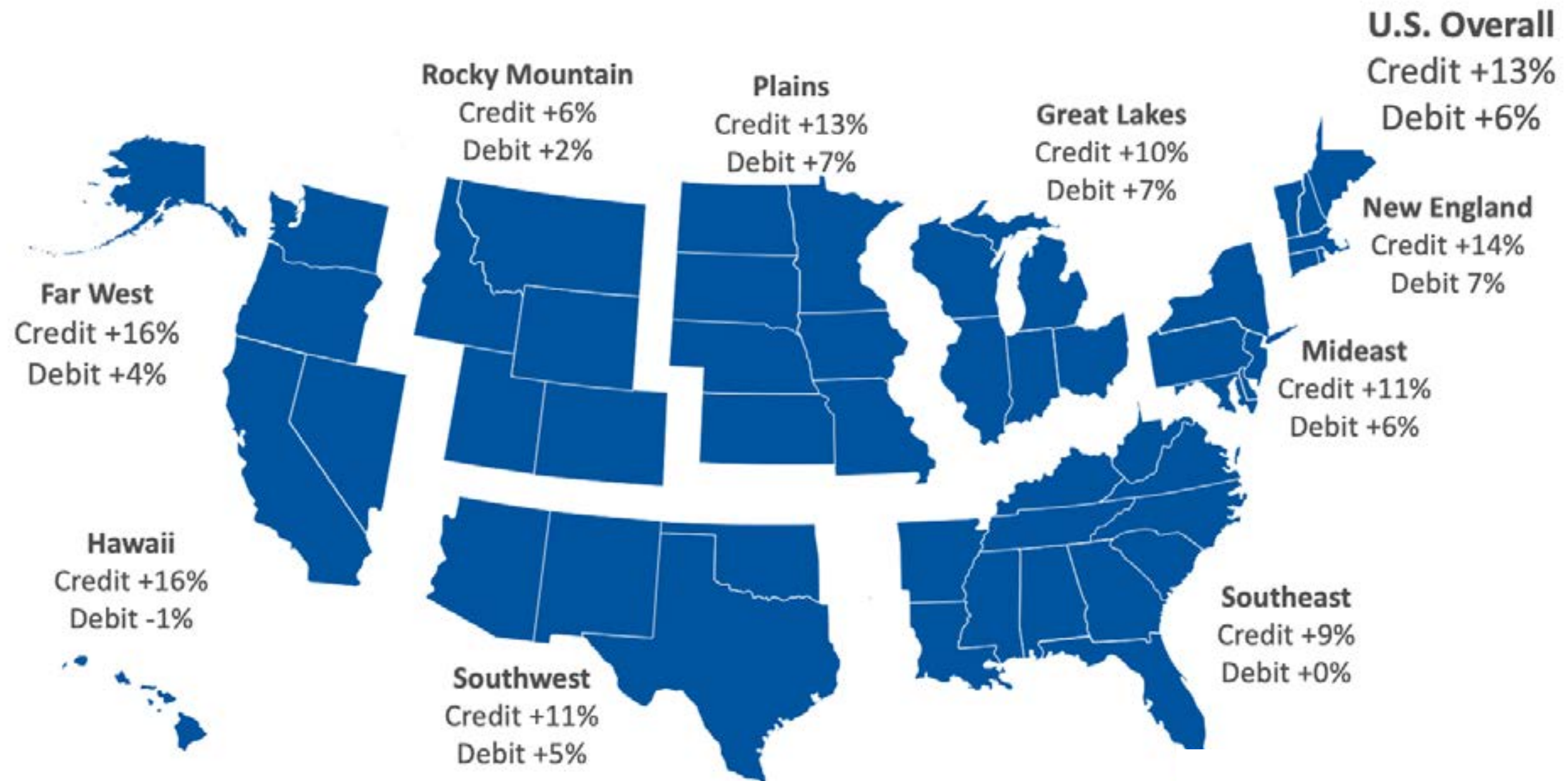
 GASOLINE September 2022 V 2021			
	Credit	Debit	
YoY Purchases	26%	13%	
YoY Transactions	13%	3%	

 RESTAURANTS September 2022 V 2021			
	Credit	Debit	
YoY Purchases	21%	7%	
YoY Transactions	15%	3%	

 UTILITIES September 2022 V 2021			
	Credit	Debit	
YoY Purchases	14%	5%	
YoY Transactions	10%	-1%	

REGIONAL STATE LEVEL PURCHASE DOLLARS DATA THROUGH SEPTEMBER, ENDING OCTOBER 2, 2022

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

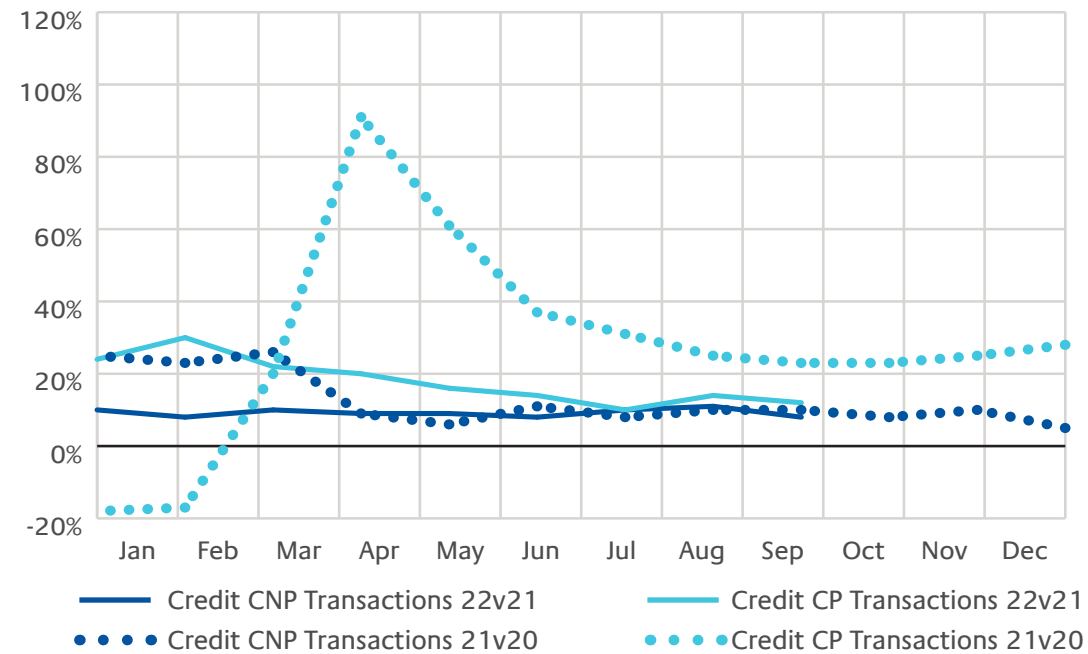


CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

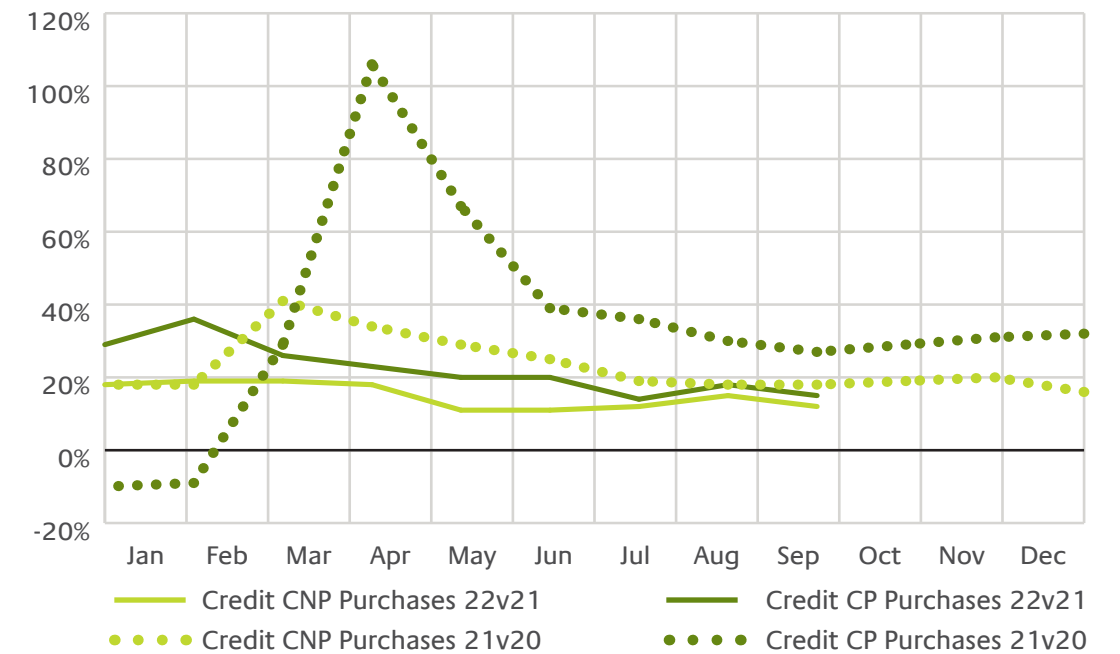
September 2022 Card Not Present (CNP) credit purchases represented 52% of all purchases, down one percentage point from September 2021. CNP debit purchases represented 47% of overall debit purchases in September 2022, up three percentage points from September 2021.

Year-over-year growth in credit transaction volumes grew by 8% for CNP and 12% for Card Present (CP). For debit transactions, CNP grew by 16%, while CP transactions were down 2% compared to September 2021.

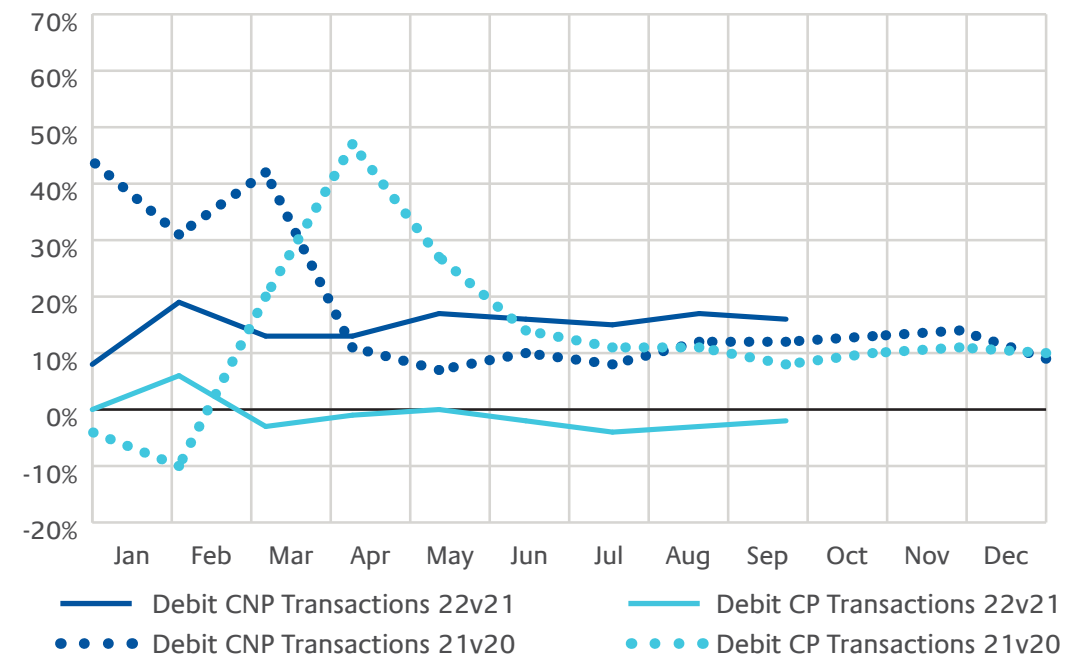
YOY % GROWTH IN CREDIT TRANSACTIONS
September



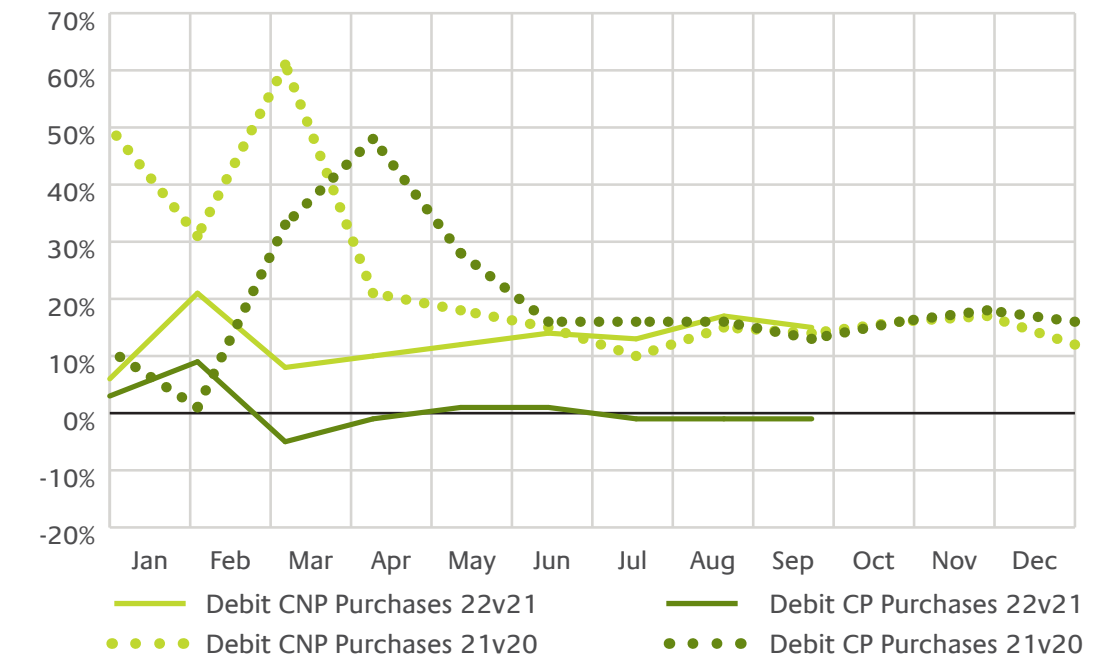
YOY % GROWTH IN CREDIT PURCHASES
September



YOY % GROWTH IN DEBIT TRANSACTIONS
September



YOY % GROWTH IN DEBIT PURCHASES
September

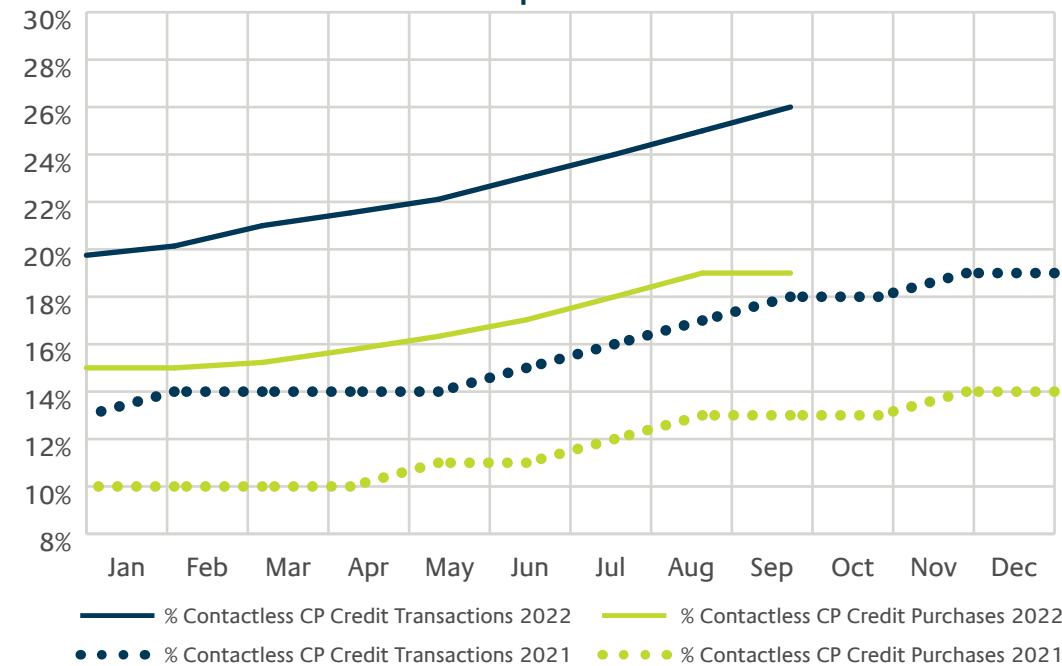


CONTACTLESS TRANSACTIONS

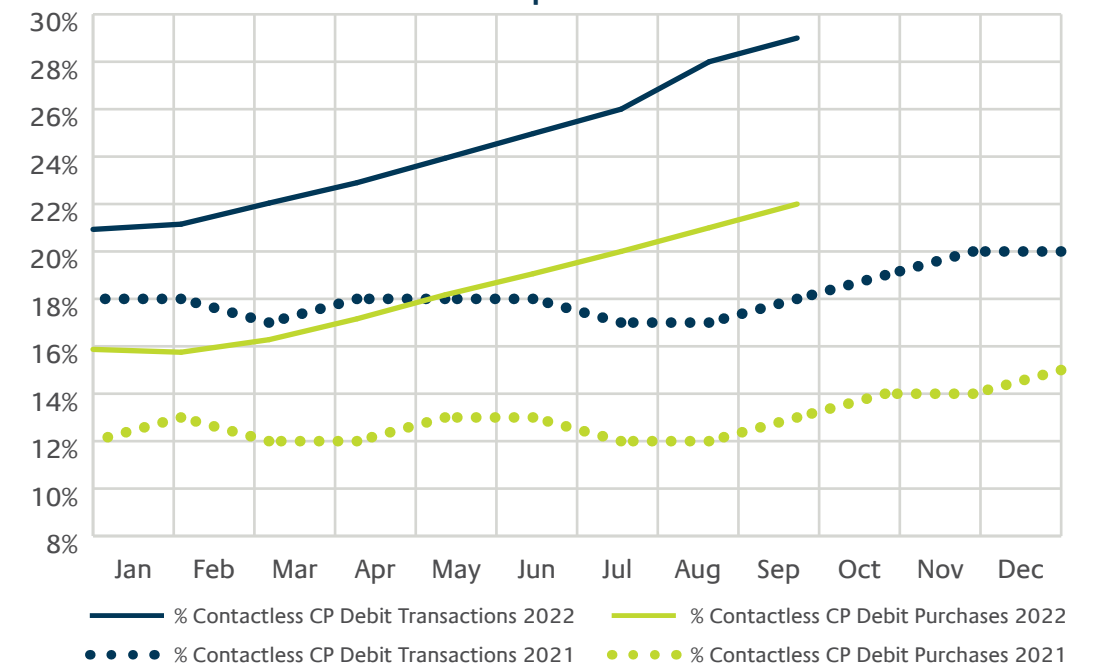
Growth in contactless card usage continues to set new highs for both credit and debit. In September 2022, contactless tap-and-go credit transactions were 26% of total Card Present volume on contactless cards, compared to 18% in September 2021. For debit, contactless tap-and-go transactions finished at 29% in September 2022, compared to 18% in September 2021.

Difference in transaction size suggests the shift to contactless represents smaller-dollar, likely cash, transactions. The average contactless purchase remains well below the overall average card purchase. For September, the average credit contactless purchase was \$43.08, which was 25% lower than the overall credit Card Present purchase of \$57.47, while the average debit contactless purchase was \$24.89, which was 30% lower than the overall debit Card Present average purchase of \$35.45.

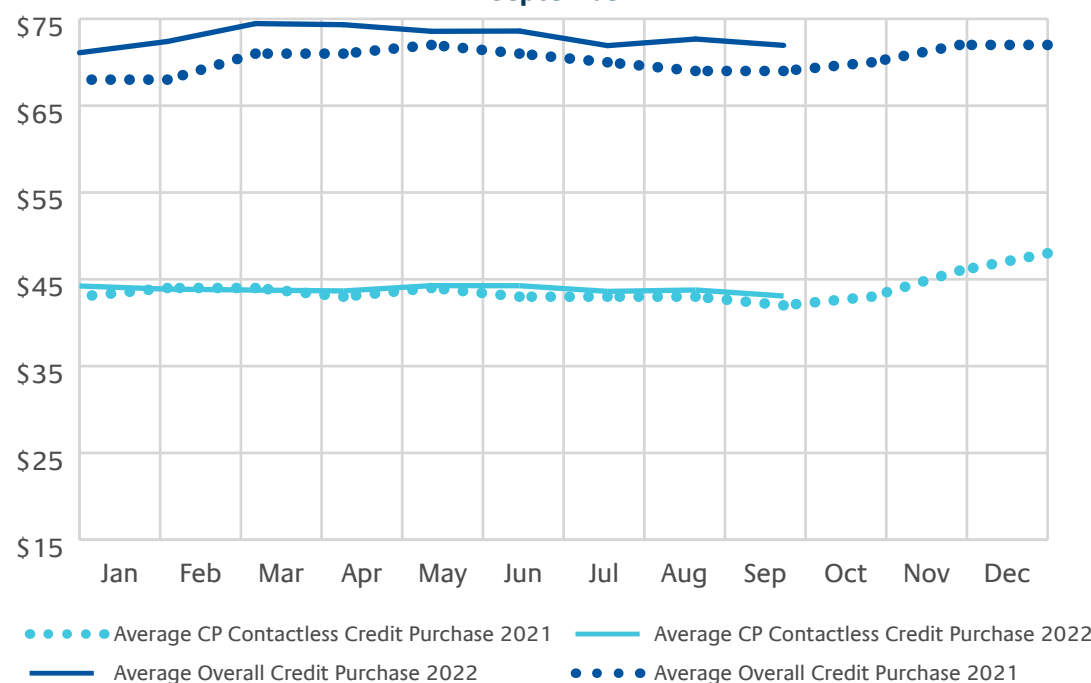
% CONTACTLESS CREDIT ACTIVITY ON CONTACTLESS CARDS
September



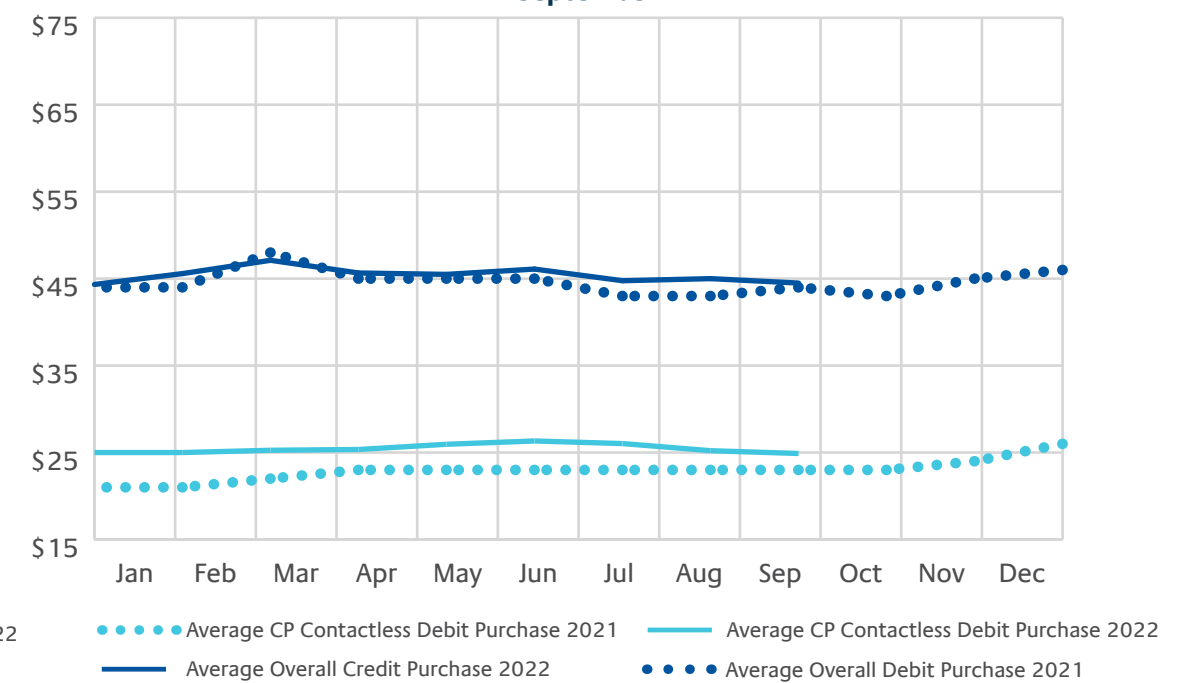
% CONTACTLESS DEBIT ACTIVITY ON CONTACTLESS CARDS
September



CONTACTLESS CREDIT AVERAGE PURCHASE
September



CONTACTLESS DEBIT AVERAGE PURCHASE
September



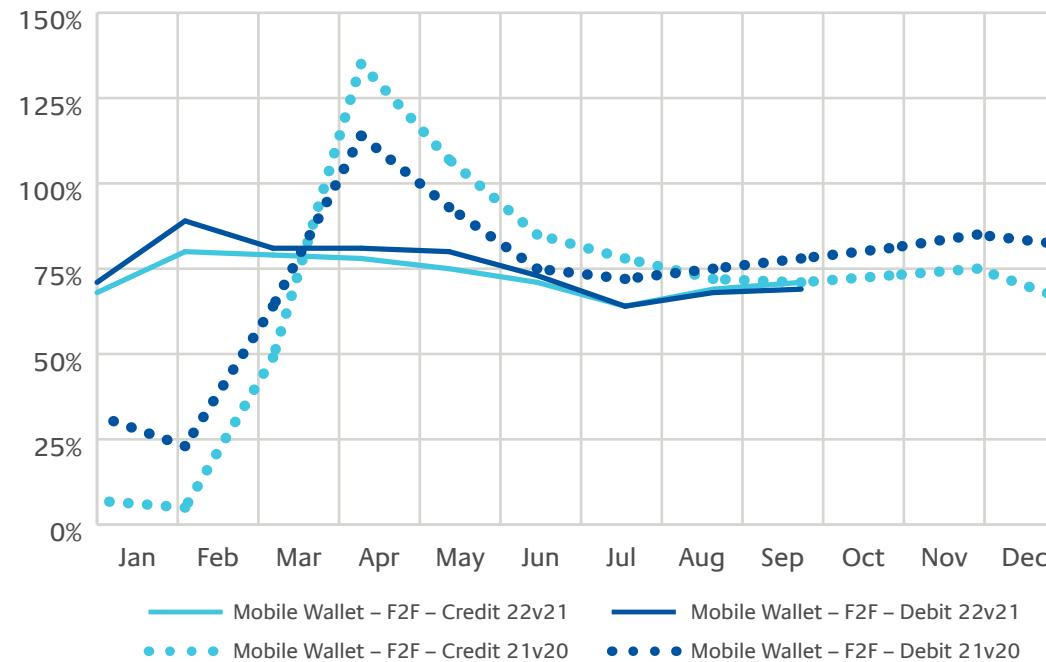
MOBILE WALLETS

Mobile Wallet (MW) usage continued to post strong year-over-year growth through September 2022, with growth in debit transactions far outpacing growth in credit transactions.

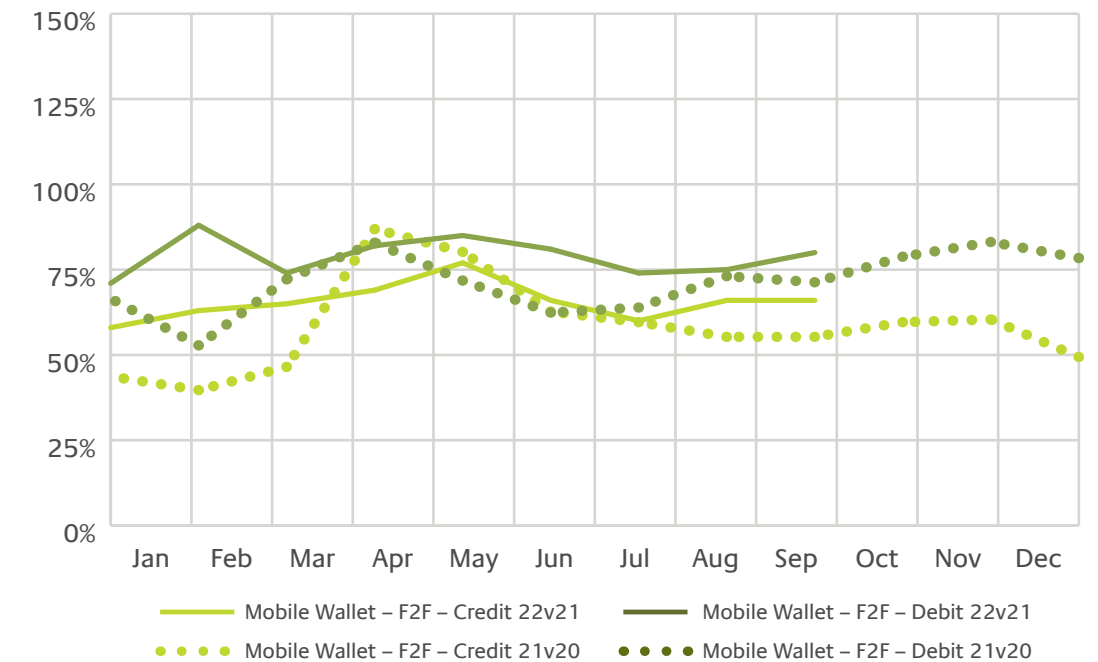
Mobile Wallet credit transaction volume remained strong, finishing up 71% in September 2022 compared to September 2021. Credit purchase performance was also strong, up 66% year over year. The average Mobile Wallet credit purchase decreased by \$0.83, down 3% to \$28.44.

For Mobile Wallet debit activity, year-over-year growth in transaction volume rose by 69% in September 2022 and debit purchases increased by 80% over the same period. The average Mobile Wallet debit purchase increased by \$1.03, up 6% year over year to \$18.03 in September 2022.

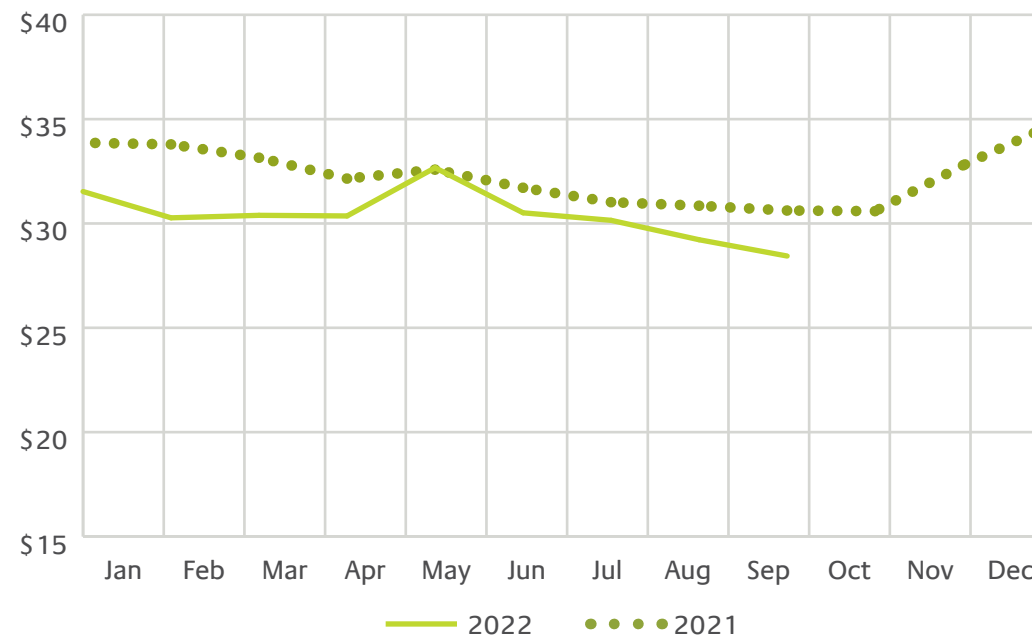
YOY % GROWTH IN MOBILE WALLET TRANSACTIONS
September



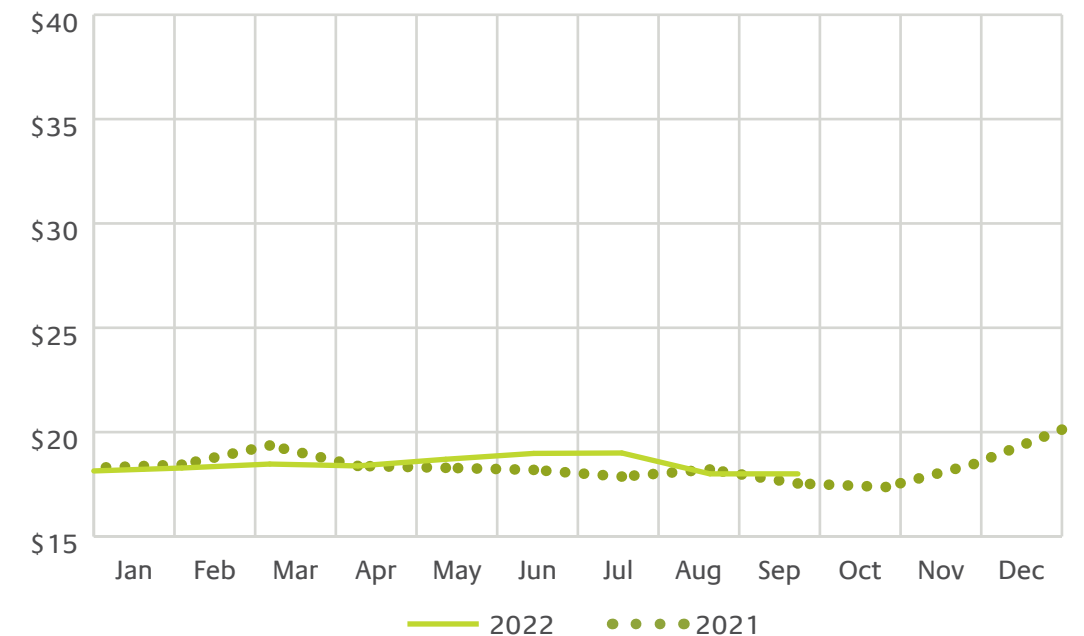
YOY % GROWTH IN MOBILE WALLET PURCHASES
September



MOBILE WALLET CREDIT AVERAGE PURCHASE
September



MOBILE WALLET DEBIT AVERAGE PURCHASE
September





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 October edition of the Payments Index represents a total of 2.9 billion transactions valued at \$144 billion of credit and debit card activity from October 2021 through September 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](#).