

## THE PSCU PAYMENTS INDEX: JANUARY 2023

The 2022 holiday shopping season has concluded, with consumer holiday spending trending upward in the final weeks of 2022. Consumer confidence ended the year on a positive note, as inflationary pressures show signs of slowing, while continued interest rate hikes are positioning the economy for a cool-down period, as intended. In our January 2023 edition of the PSCU Payments Index, we present the final installment of our annual three-part Deep Dive on holiday spending.

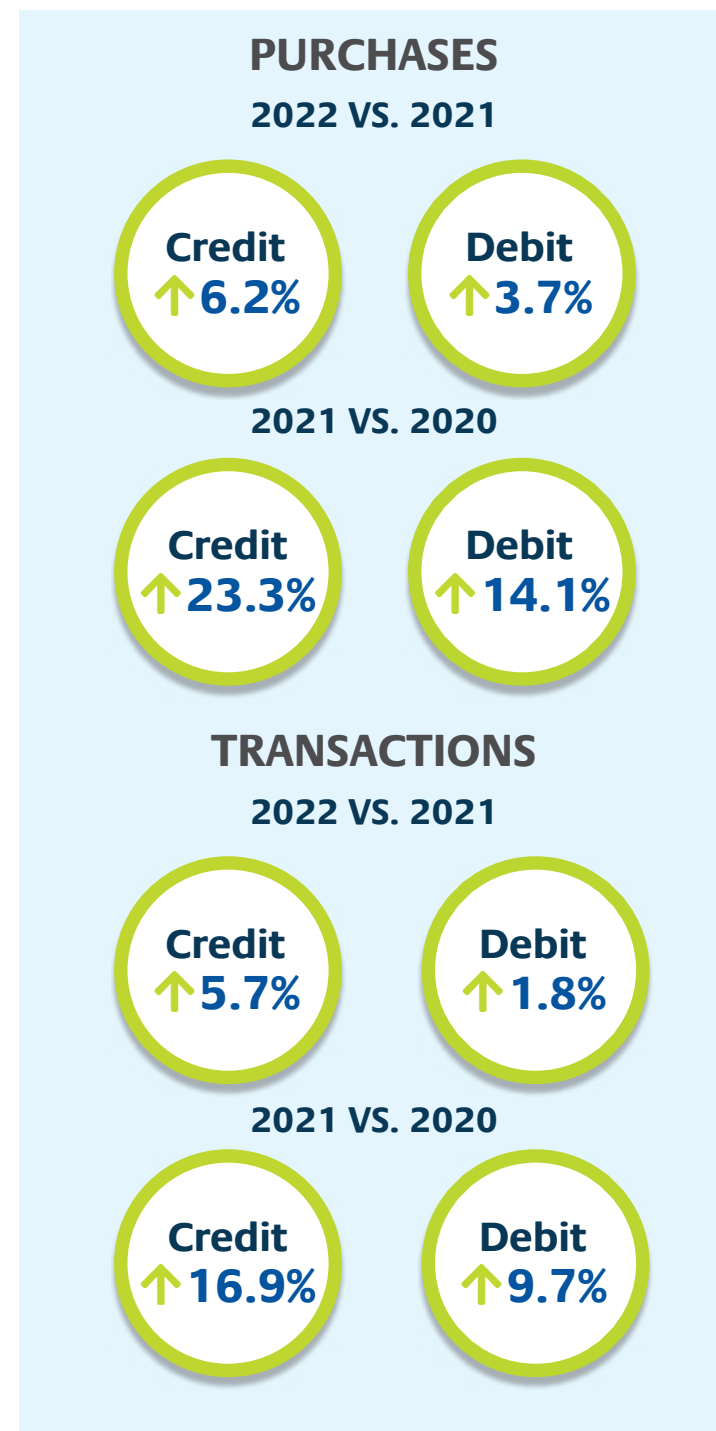
December's growth rates finished slightly better than November's growth rates for credit and debit cards. Consumer purchasing growth for debit finished in the low single digits, while credit card growth rates posted mid-single-digit year-over-year growth. Credit card growth rates continue to outpace debit cards for overall spending; however, the cumulative holiday period spending for October through December in the Goods sector revealed higher growth rates for debit over credit on both purchases and transactions. For growth in transactions and purchases for the three-month holiday period in the Goods sector, credit purchases had the highest year-over-year growth in October. Credit purchases and debit transactions and purchases all peaked in the month of December.

The Bureau of Labor Statistics (BLS) [reported](#) in its December 2022 jobs report that 223,000 jobs were added for the month, the smallest monthly gain in two years and a sign that the job market appears to be losing momentum. However, the unemployment rate dropped to 3.5% in December, equaling the pre-pandemic low point of February 2020. In the Labor Department's Jan. 12 update, the [Consumer Price Index](#) (CPI) declined by 0.1% for the month of December, bringing the 12-month rate of inflation to 6.5%. The largest contributor to the decrease was gasoline, offsetting the increase in the housing sector. The Federal Reserve will meet next Jan. 31-Feb. 1 and the [market is anticipating](#) a 0.25% to 0.50% interest rate increase. The [Consumer Confidence Index](#) increased sharply in December to 108.3 (1985=100), up following back-to-back monthly declines, while the [New York Fed's Survey of Consumer Expectations](#) shows greater consumer optimism relative to inflation in the coming year.

The national average price per gallon of gasoline has increased to [\\$3.31](#) for the week ending Jan. 16, up from the same time last month but virtually flat year over year. As China retracts most of their COVID travel restrictions, there should be an [increase in the worldwide demand for gasoline](#), which may ultimately affect domestic gas prices in the United States in 2023.

***The PSCU Payments Index is intended 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 – DECEMBER 2022



### KEY TAKEAWAYS

- Consumer spending growth on payment cards in December finished slightly better than November. Credit card growth results continued to deflate as the year progressed before an uptick in December, while debit card growth was mainly consistent for 2022 and lower than growth on credit cards. For December, credit purchases were up 6.2% and debit purchases were up 3.7% year over year, while credit purchases were up 15.2% and debit purchases were up 5.2% for the full year. Inflationary pressures contributed to growth in purchases outpacing growth in transactions for the full year. For 2022, growth in overall transactions was up 12.0% for credit and 3.1% for debit.
- The Consumer Price Index (CPI-U) decreased on an annual basis to 6.5% in December. Gasoline prices had the largest contribution to the decline, with the energy index decreasing 4.5%. The next Fed meeting will occur Jan. 31-Feb. 1, when it is anticipated that interest rates will increase by an additional 25 to 50 basis points.
- Year-over-year growth in holiday spending for the Goods sector improved in December as compared to November. Year-over-year growth in purchases for the overall Goods sector was up 3.4% for credit and up 6.9% for debit in December. For the cumulative holiday period in the Goods sector, growth in credit purchases was up 2.0% and growth in debit purchases was up 4.6%. Both Amazon and Walmart posted similar year-over-year results, with growth in credit purchases outpacing growth in debit purchases, while Target’s growth results were nearly flat compared to 2021.
- The December average credit card balance per active account was \$2,917, up 7.1% (or \$193) year over year. The credit card delinquency rate for December was 1.98%, marking the second straight month in which the difference when compared to the monthly pre-pandemic 2019 levels has been five basis points (November and December).

During the fourth quarter, we saw our members’ spending increase as the number of transactions per card held flat, an indication that the industry increase in holiday spending could be attributed to higher prices – not just higher purchase volume and elevated consumer confidence. This holiday season, our members also spent more on travel and transportation than a year ago, with automobile rental, transportation and airline spend increasing more than 40% per transaction, with the highest increases on credit cards. As consumers have refocused their budgets on essential items to combat inflation, we also saw increases per transaction reflected in experiential data, with up to double-digit increases in utilities and car repairs.



— **Kate Rogers, Vice President of Digital Payments and Chief Innovation Officer, University of Illinois (U of I) Community Credit Union**

## DEEP DIVE: HOLIDAY SPENDING PART III

In the third and final installment of our Deep Dive on holiday spending, consumer spending in the Goods sector saw a notable uptick in December, with the peak occurring in the week that ended on Christmas Day. Year-over-year growth in purchases in the Goods sector was up 3.4% for credit cards and up 6.9% for debit cards in December, while transaction growth in the Goods sector continued its elevated trend, finishing higher than growth in purchases with credit transactions up 6.3% and debit transactions up 8.8%.

For the cumulative holiday season (October through December), year-over-year credit purchases in the Goods sector were up 2.0%, compared to +13.7% last year, while debit purchases were up 4.6%, compared to +8.8% last year. In [2021](#), we experienced an increase in early holiday spending due to anticipated supply chain shortages, which was of less concern this year, combined with pent-up “revenge” spending stemming from the COVID-19 pandemic. During the 2022 holiday season, year-over-year growth at the monthly level was highest for credit in October, and highest for debit in December.

From a weekly perspective, the largest year-over-year growth week for the 13-week holiday season was the week ending on Christmas Day. For the week ending Dec. 25, credit purchases were up 10.7% and debit purchases were up 13.9%.

The late holiday season surge in activity was experienced at each of the three bellwether large retailers (Amazon, Target and Walmart). In December, Amazon posted credit purchases up 13.9% and debit purchases up 6.9% compared to December 2021. Growth in transactions at Amazon was up 12.9% for credit and 6.1% for debit year over year. For Target, credit purchases were up 2.5% and debit purchases were up 0.1% compared to December 2021. Growth in transactions at Target was up 3.1% for credit and up 0.6% for debit year over year. At Walmart, credit purchases were up 11.8% and debit purchases were up 7.1% compared to December 2021. Growth in transactions at Walmart was up 6.9% for credit and up 2.2% for debit year over year. For Walmart, gasoline sales were excluded to make the comparison to the Goods sector and other larger retailers more relevant.

In comparing these three retailers, Amazon and Walmart both performed better than

## HOLIDAY SPENDING PART III: GOODS SECTOR AND LARGE RETAILERS OCTOBER/NOVEMBER/DECEMBER 2022 VS 2021

Transaction Growth	Credit				Debit			
	Oct 2022	Nov 2022	Dec 2022	Cumulative Holiday Period	Oct 2022	Nov 2022	Dec 2022	Cumulative Holiday Period
<b>Goods (Overall)</b>	5.7%	0.2%	6.3%	4.2%	6.7%	3.5%	8.8%	6.6%
<b>Amazon</b>	10.7%	4.6%	12.9%	9.9%	6.3%	0.4%	6.1%	4.5%
<b>Target</b>	0.9%	-2.5%	3.1%	0.8%	-2.2%	-1.3%	0.6%	-0.7%
<b>Walmart *</b>	4.8%	2.3%	6.9%	4.8%	2.3%	0.5%	2.2%	1.7%

Purchases Growth	Credit				Debit			
	Oct 2022	Nov 2022	Dec 2022	Cumulative Holiday Period	Oct 2022	Nov 2022	Dec 2022	Cumulative Holiday Period
<b>Goods (Overall)</b>	4.1%	-1.6%	3.4%	2.0%	4.9%	1.3%	6.9%	4.6%
<b>Amazon</b>	15.7%	4.8%	13.9%	11.6%	10.1%	-0.6%	6.9%	5.5%
<b>Target</b>	1.5%	-2.1%	2.5%	0.9%	-1.2%	-1.3%	0.1%	-0.6%
<b>Walmart *</b>	8.4%	5.0%	11.8%	8.7%	6.5%	3.8%	7.1%	5.9%

\* Less Gasoline

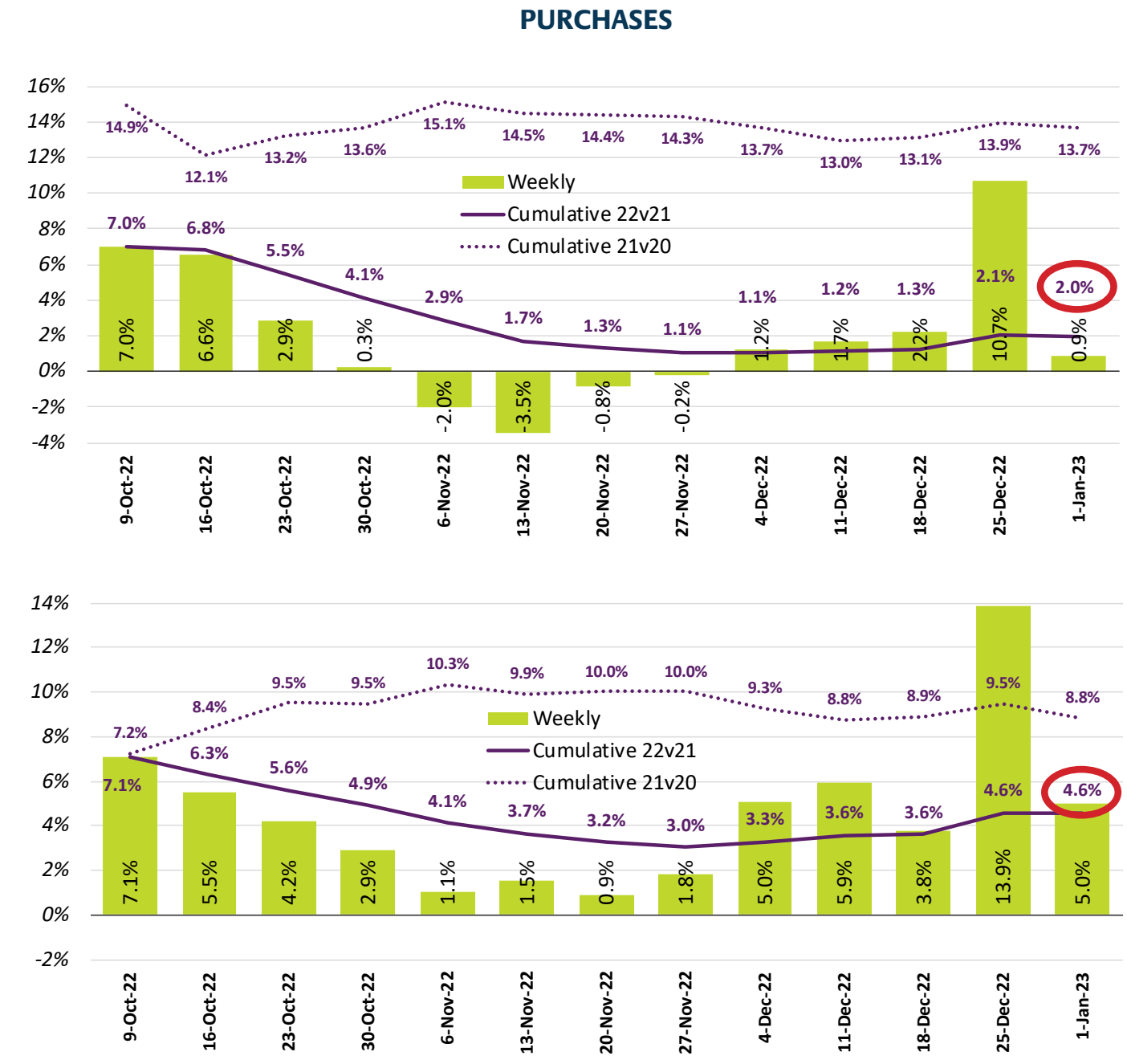
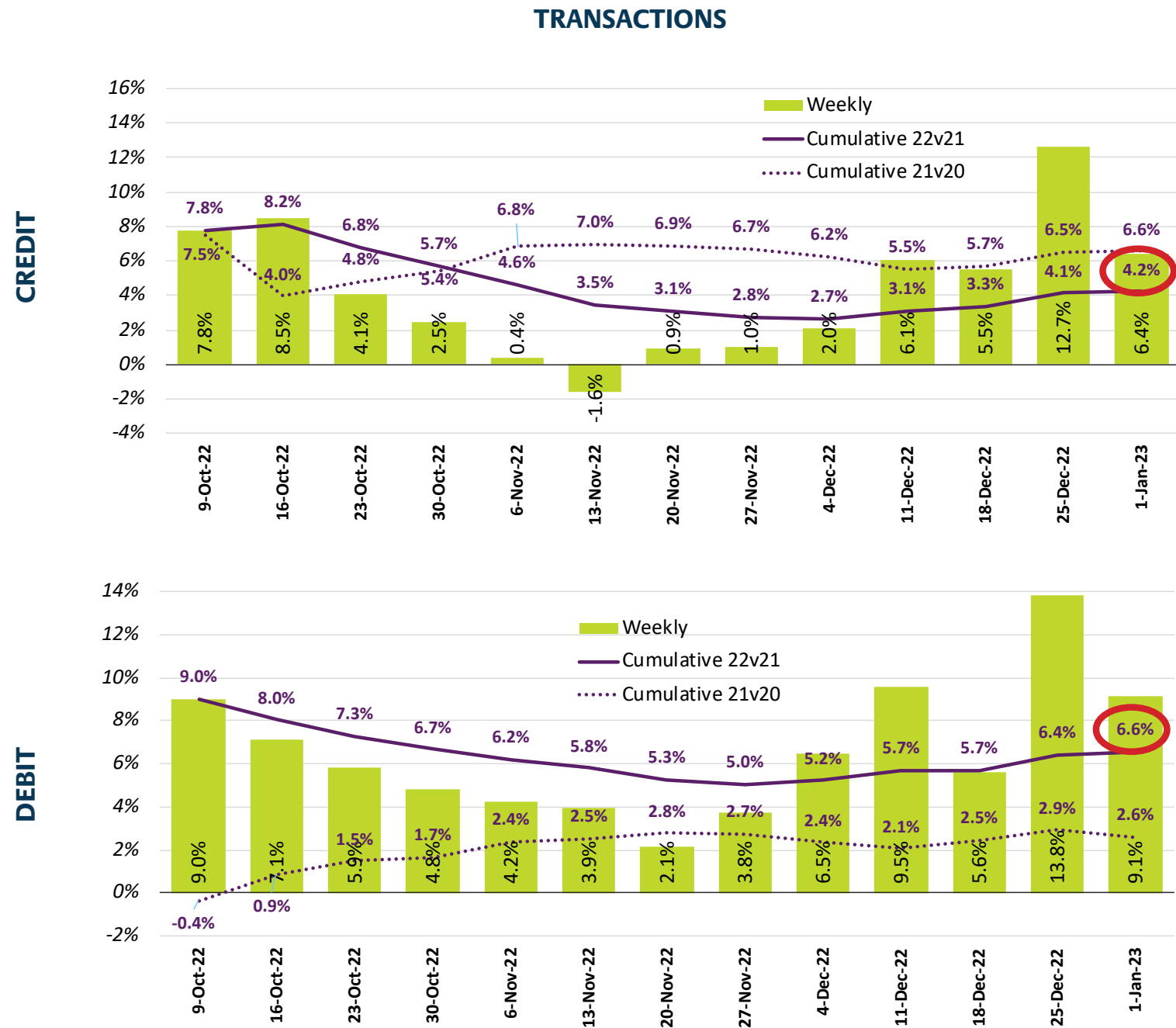
Target, where year-over-year activity was just above 2021 levels for credit and just below 2021 levels for debit for the cumulative holiday season. For the October through December period, Amazon posted credit purchases up 11.6% and debit purchases up 5.5% compared to 2021. At Walmart, credit purchases were up 8.7% and debit purchases were up 5.9% compared to 2021. For Target, credit purchases were up 0.9% and debit purchases were down at 0.6% 2021.



## HOLIDAY SEASON PURCHASES: GOODS SECTOR

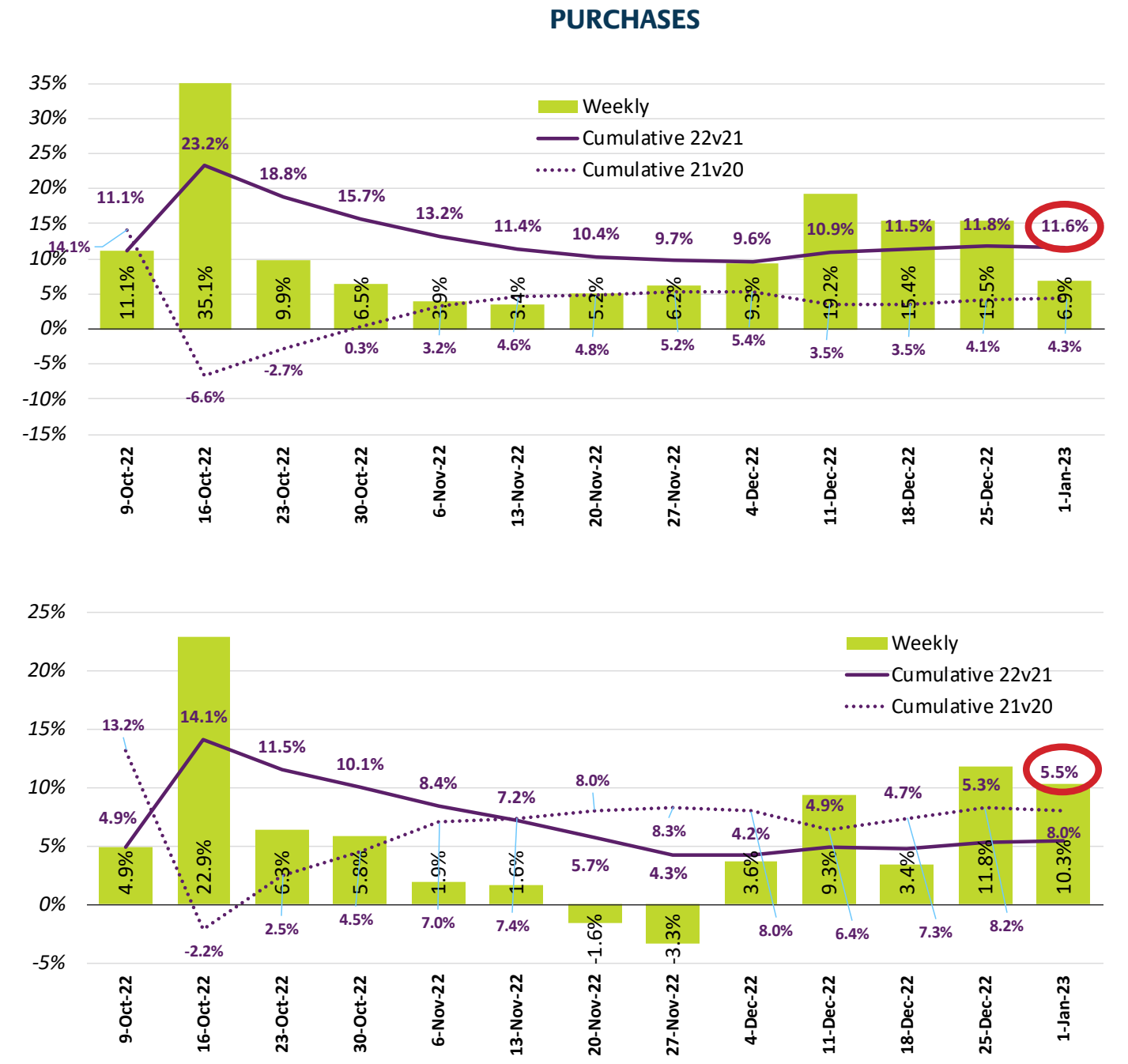
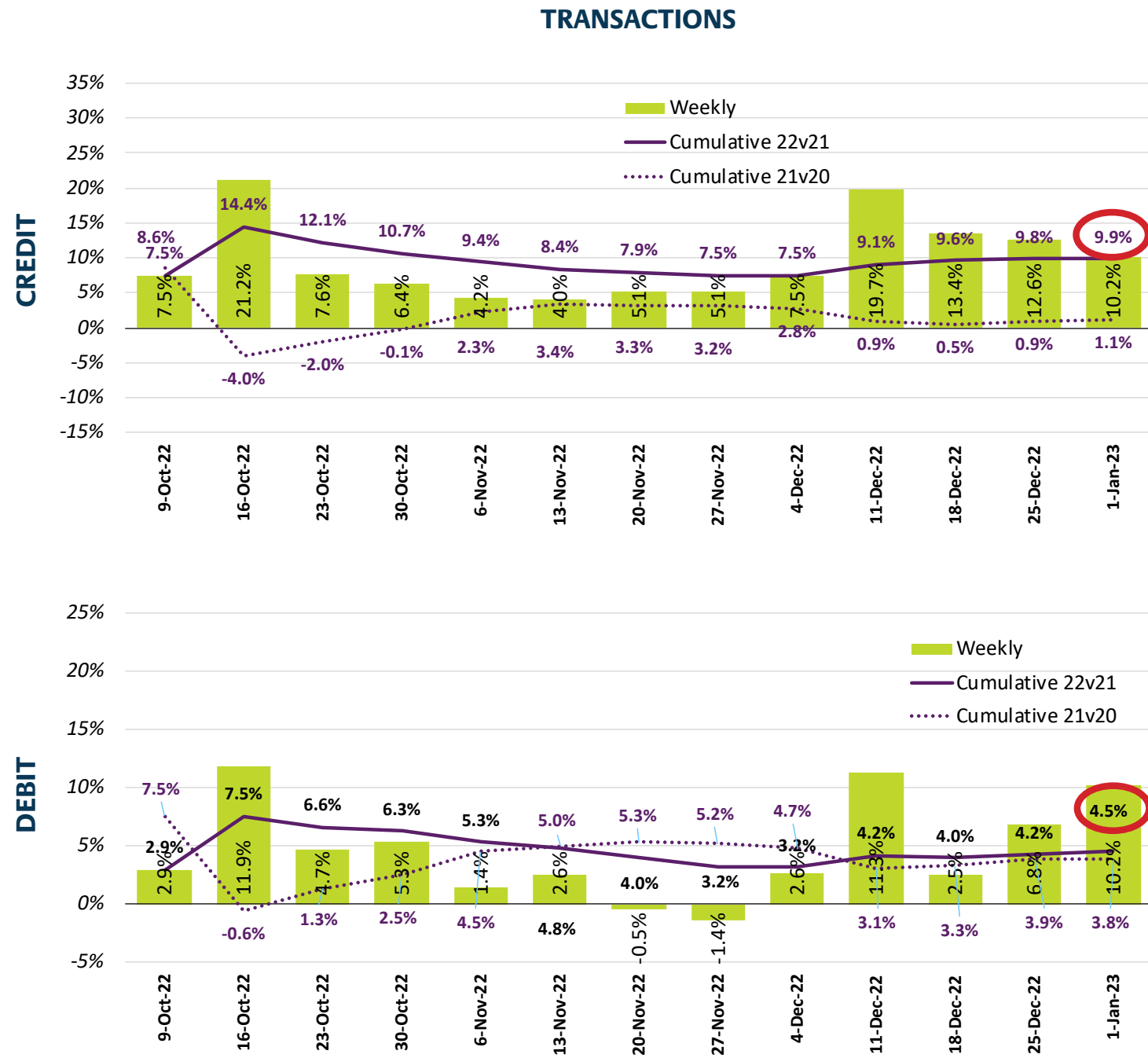
2022 WEEKLY RESULTS COMPARED TO 2021

CUMULATIVE

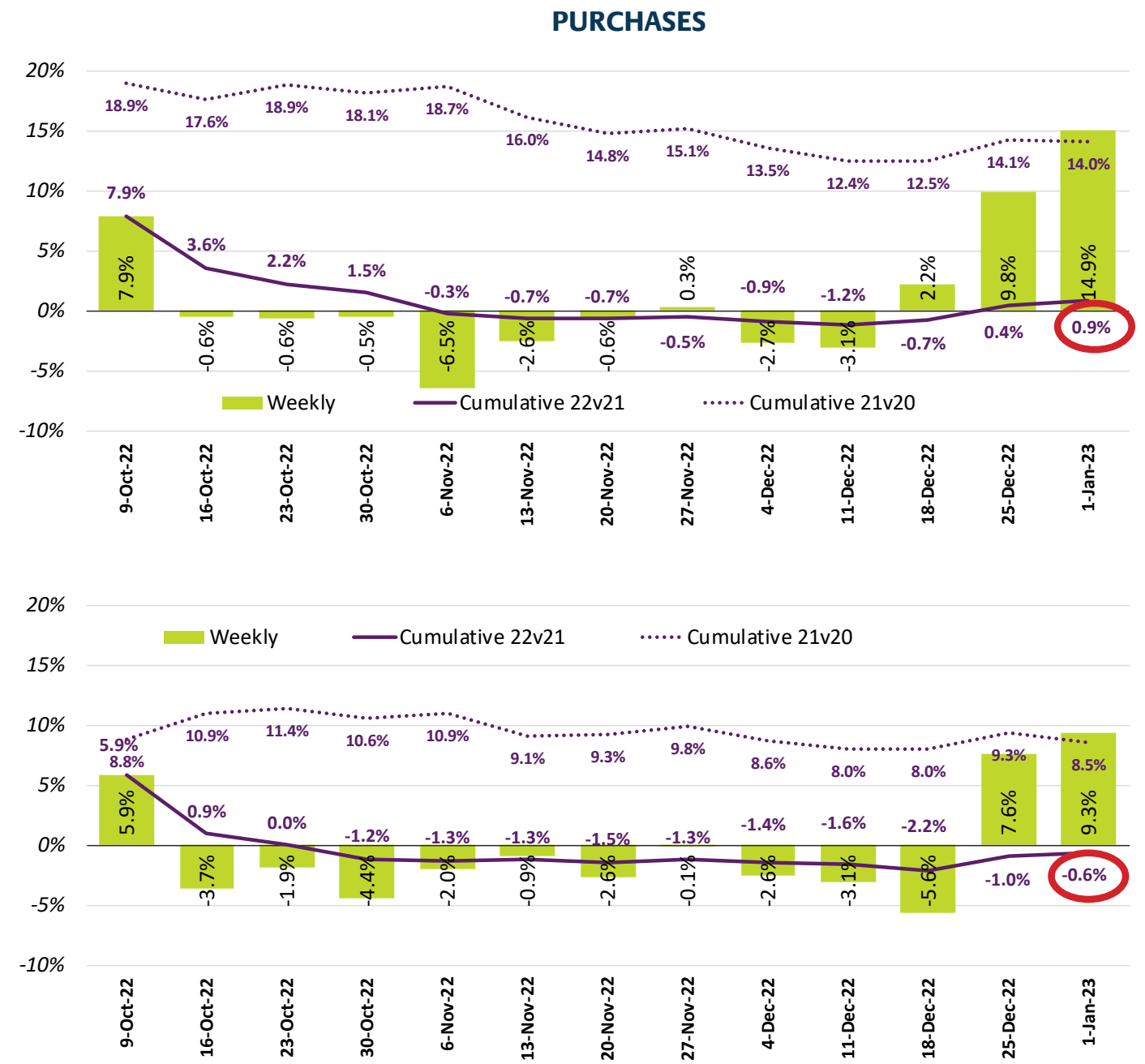
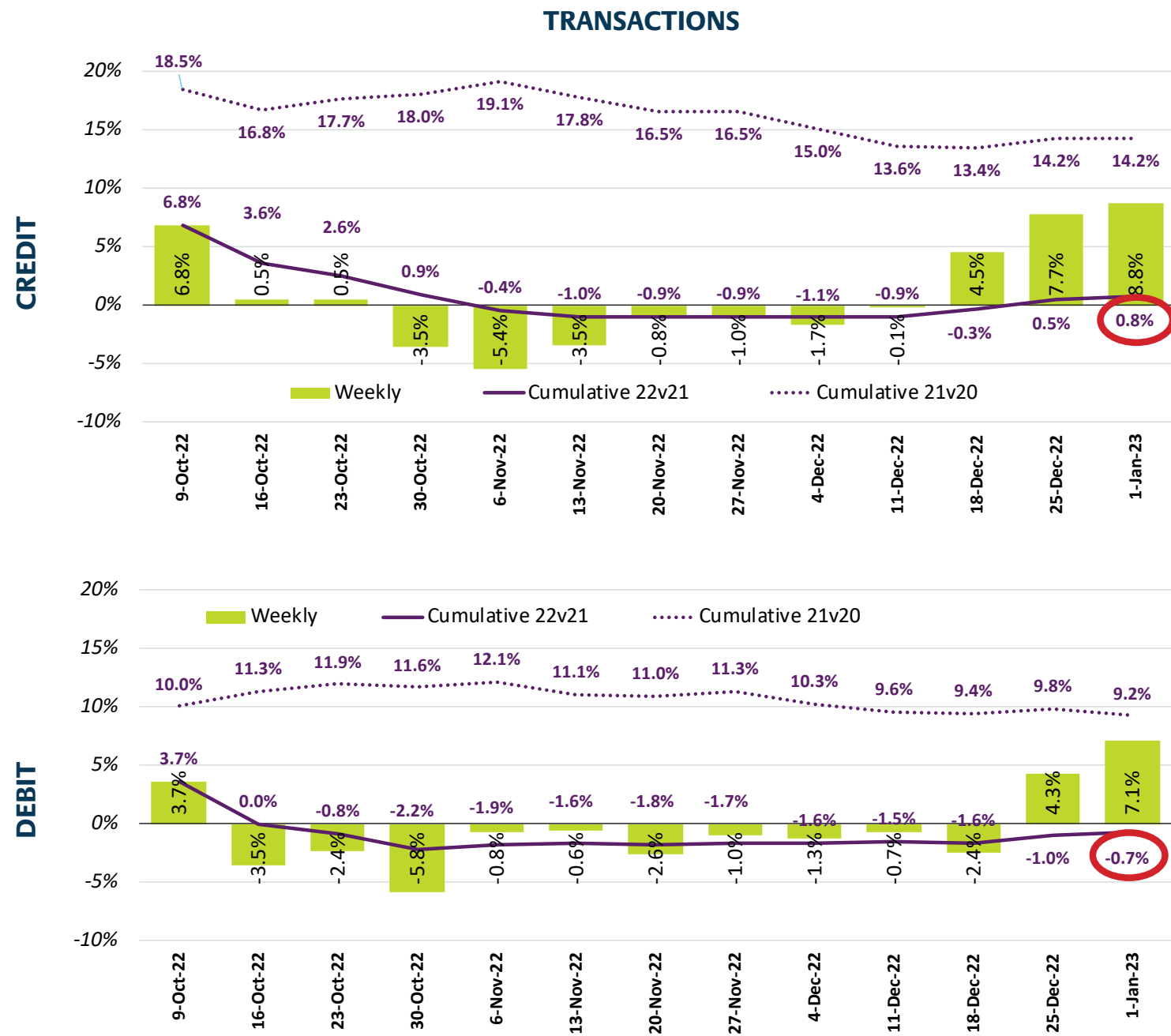


## HOLIDAY SEASON PURCHASES: AMAZON 2022 WEEKLY RESULTS COMPARED TO 2021

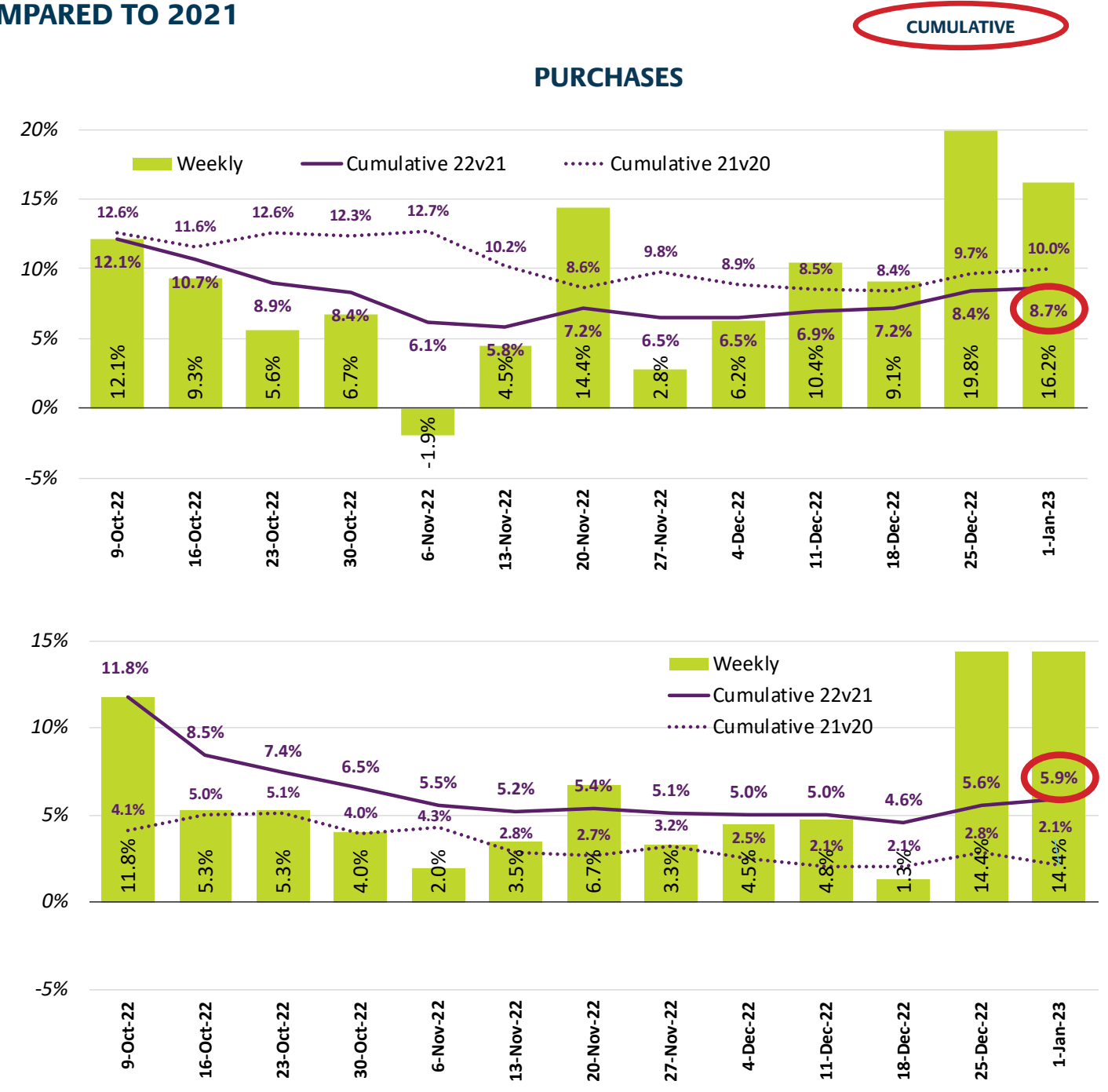
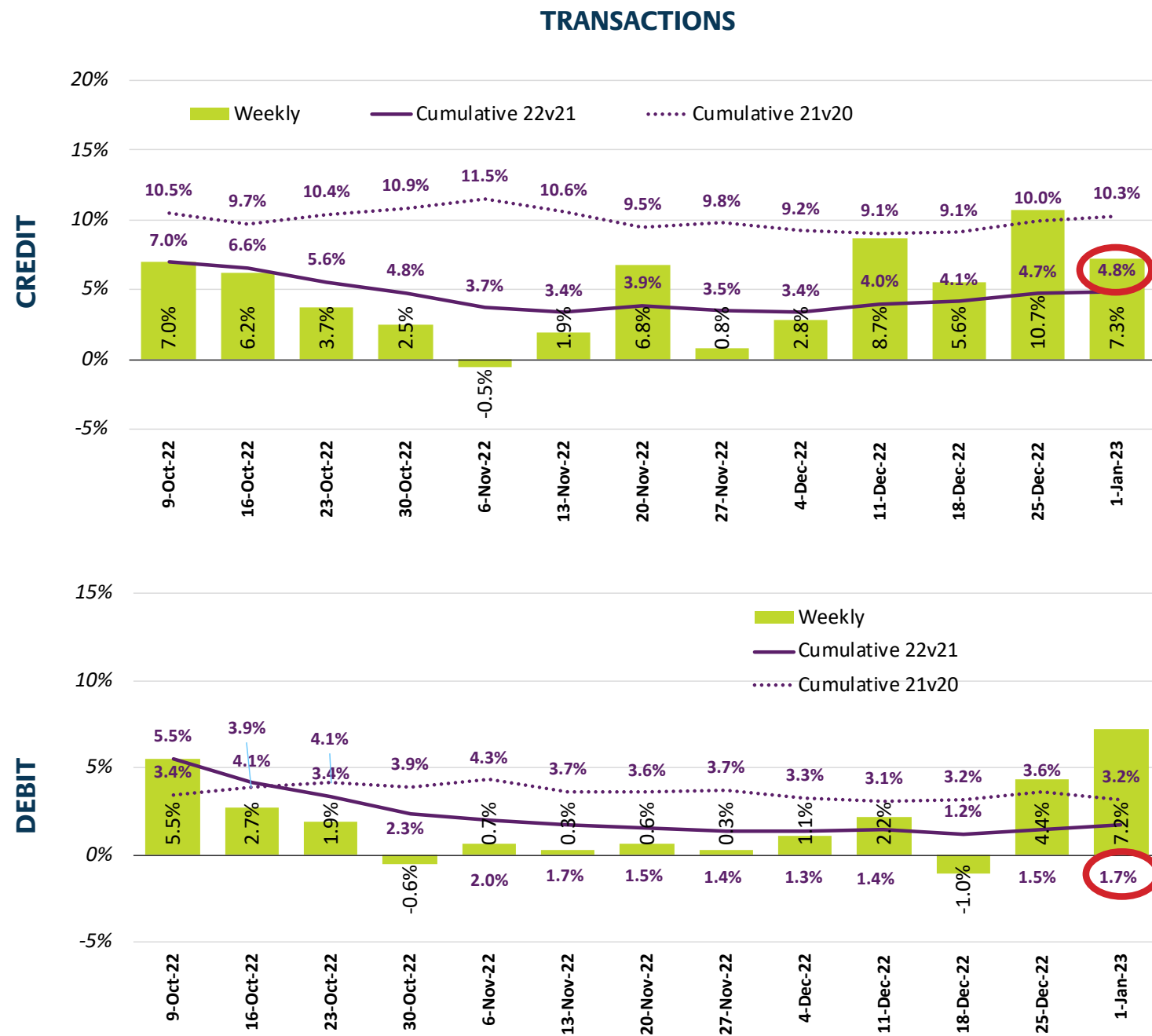
CUMULATIVE



## HOLIDAY SEASON PURCHASES: TARGET 2022 WEEKLY RESULTS COMPARED TO 2021



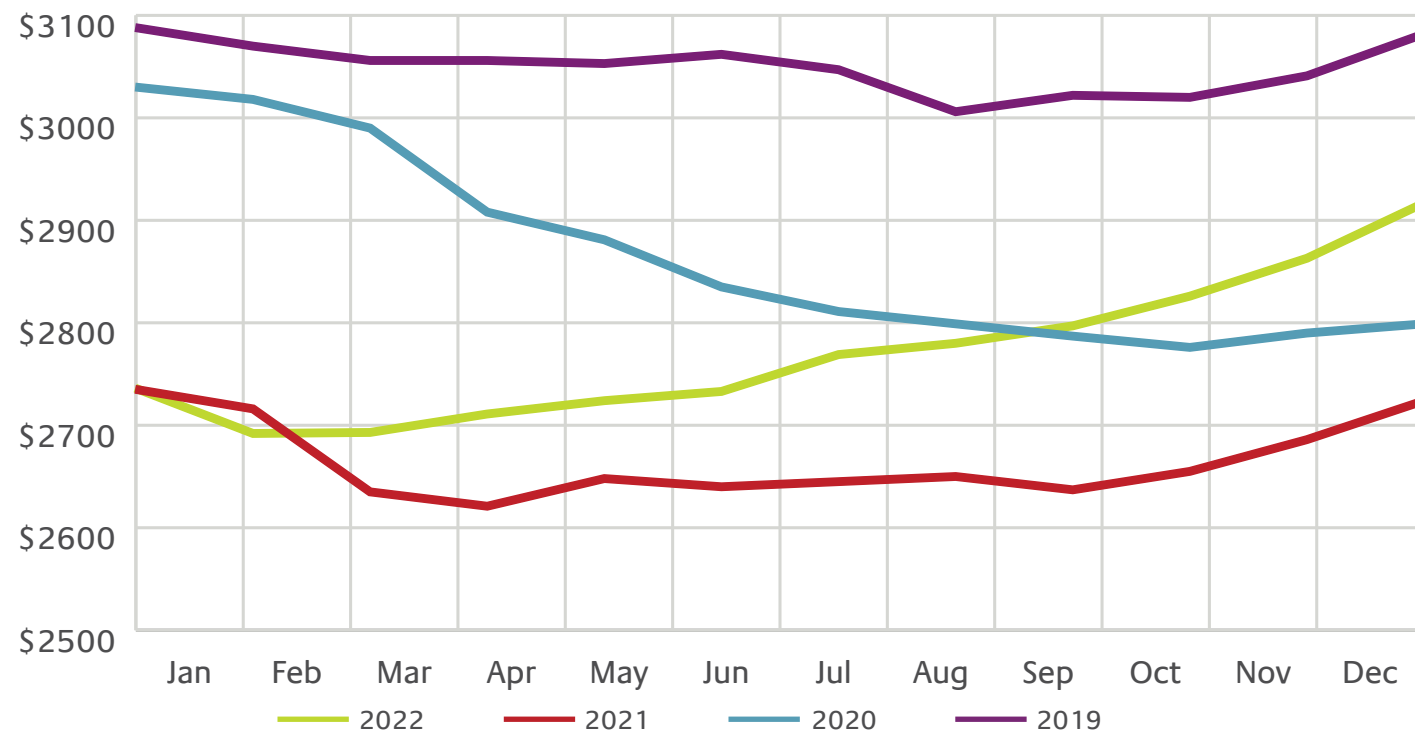
## HOLIDAY SEASON PURCHASES: WALMART (LESS GAS) 2022 WEEKLY RESULTS COMPARED TO 2021



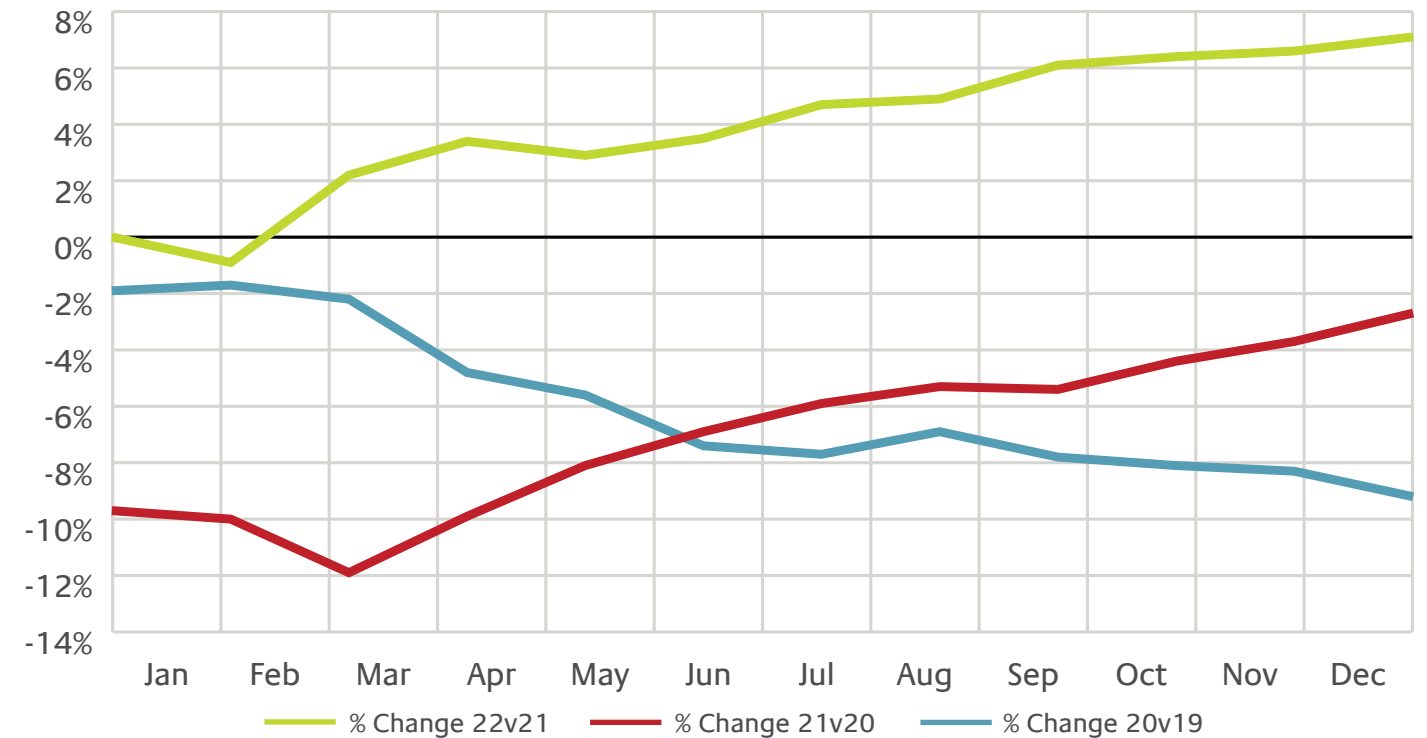
## CREDIT CARD BALANCES

Average credit card account balances finished December 2022 at \$2,917, up 7.1% (or \$193) year over year. Since January 2022, average credit card balances have increased 6.6%. This is the first year with positive growth since 2018, when balances increased by 0.3%. Year-over-year credit card balances per account have increased above 6% for the past four months.

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



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

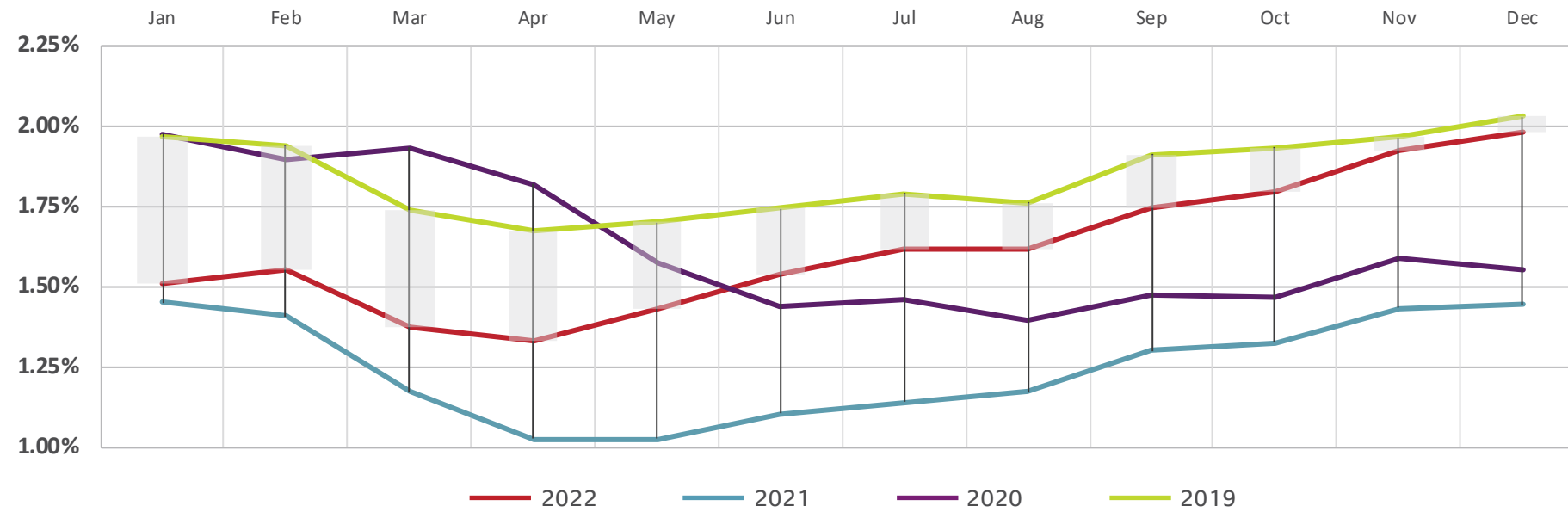




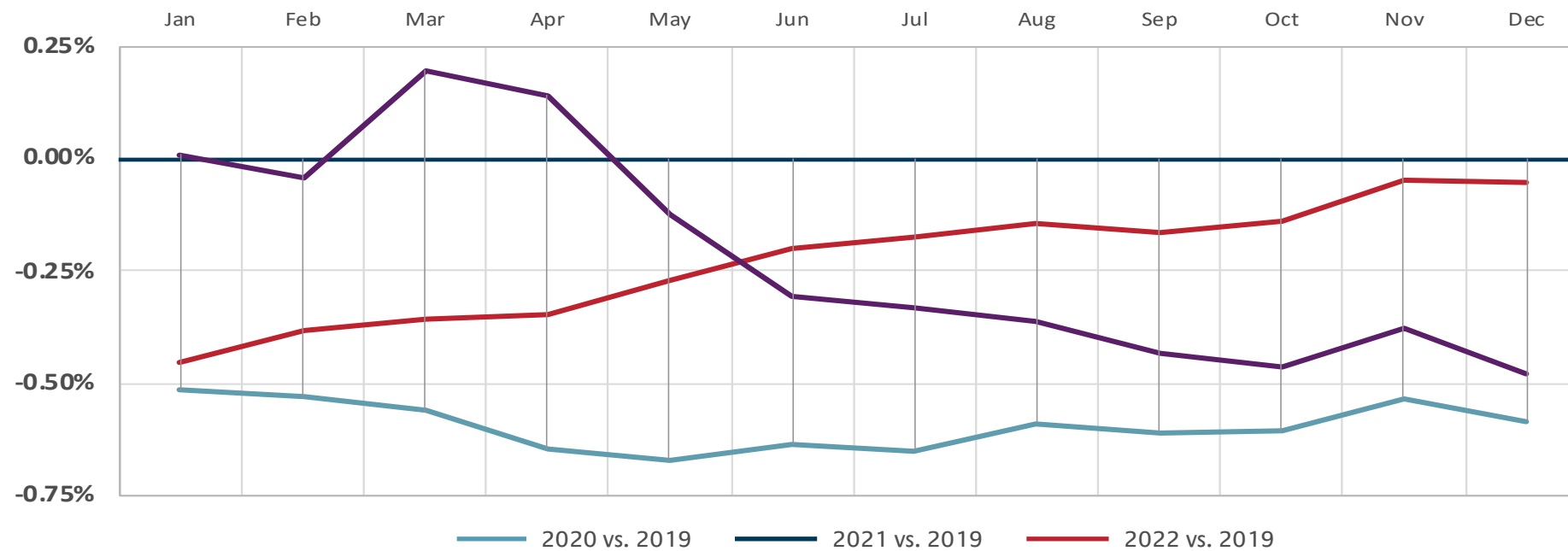
## CREDIT CARD DELINQUENCIES

The December 2022 credit card delinquency rate rose seasonally to 1.98%. The gap between December 2022 and pre-pandemic December 2019 remained five basis points lower for the second consecutive month.

**OVERALL CREDIT CARD DELINQUENCY RATE**  
December



**CREDIT CARD DELINQUENCY RATES COMPARED TO 2019**  
December

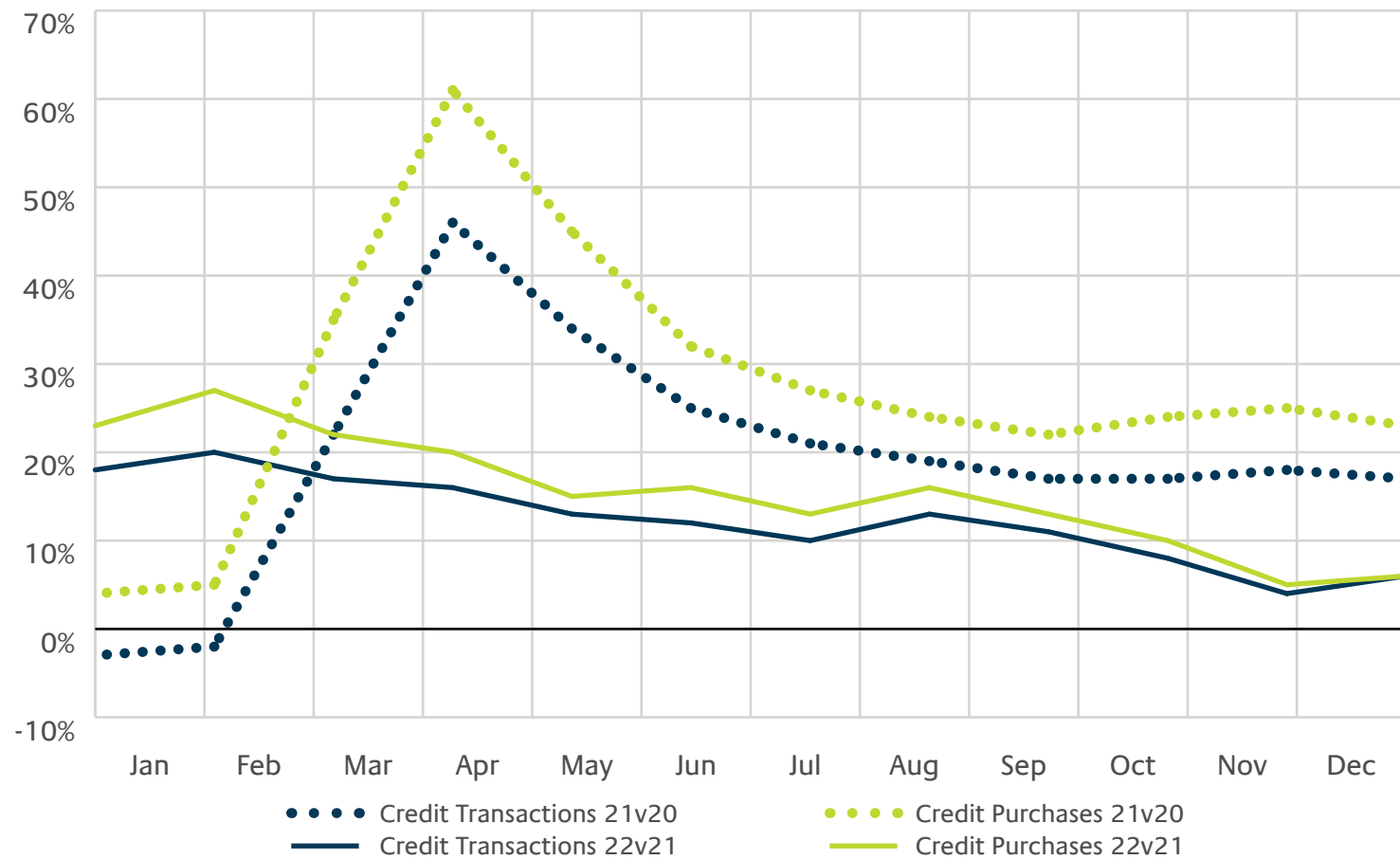


## CREDIT AND DEBIT CARDS

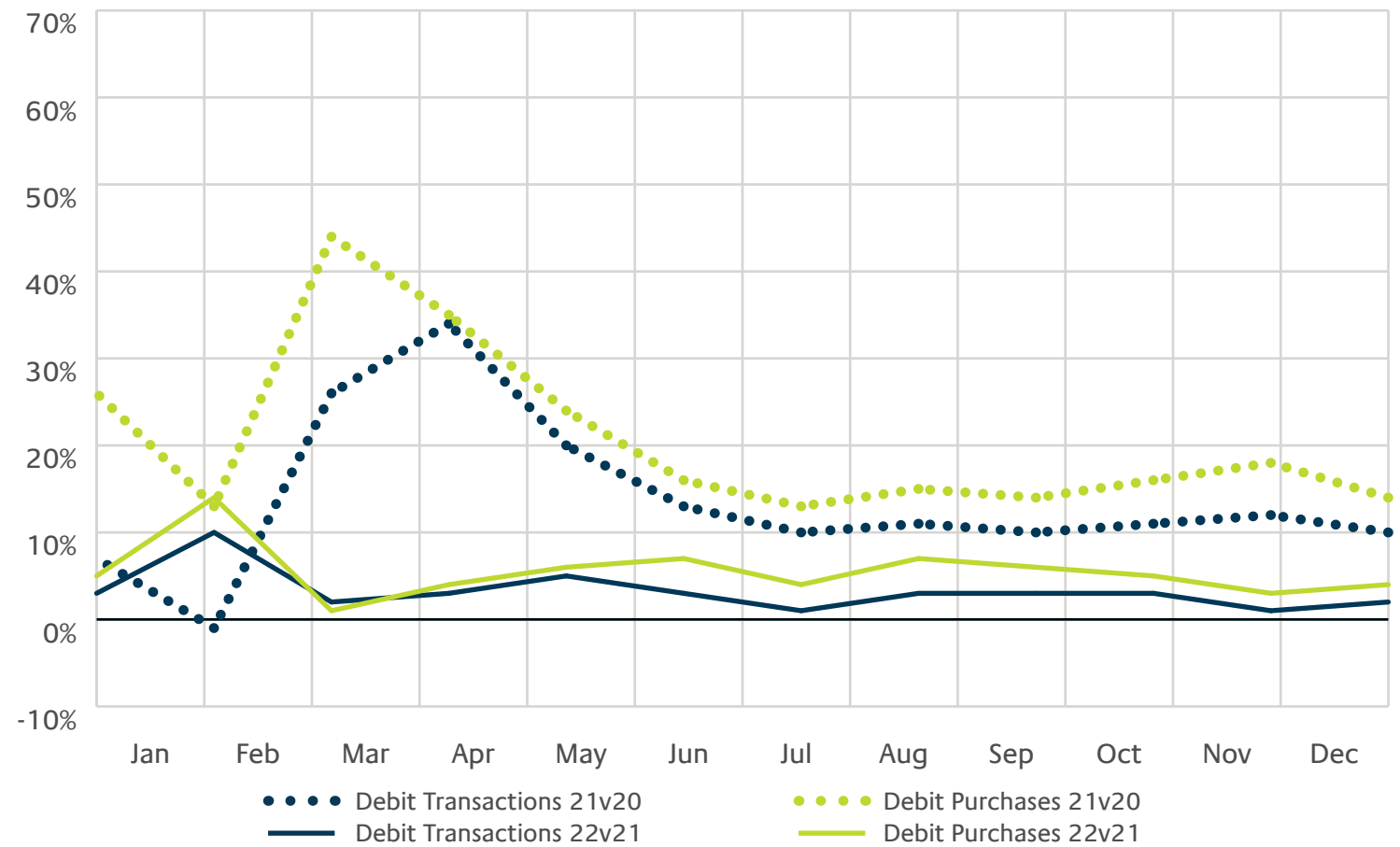
Consumer card spending growth rates improved slightly from November, with credit purchases up 6.2% and debit purchases up 3.7% compared to December 2021. Transactions continued to grow at a slower pace than purchases, with the volume of credit transactions up 5.7% and debit transactions up 1.8% compared to the same timeframe a year ago.

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2022 v 2021	5.7%	6.2%	1.8%	3.7%
2021 v 2020	16.9%	23.3%	9.7%	14.1%

**CREDIT**  
December



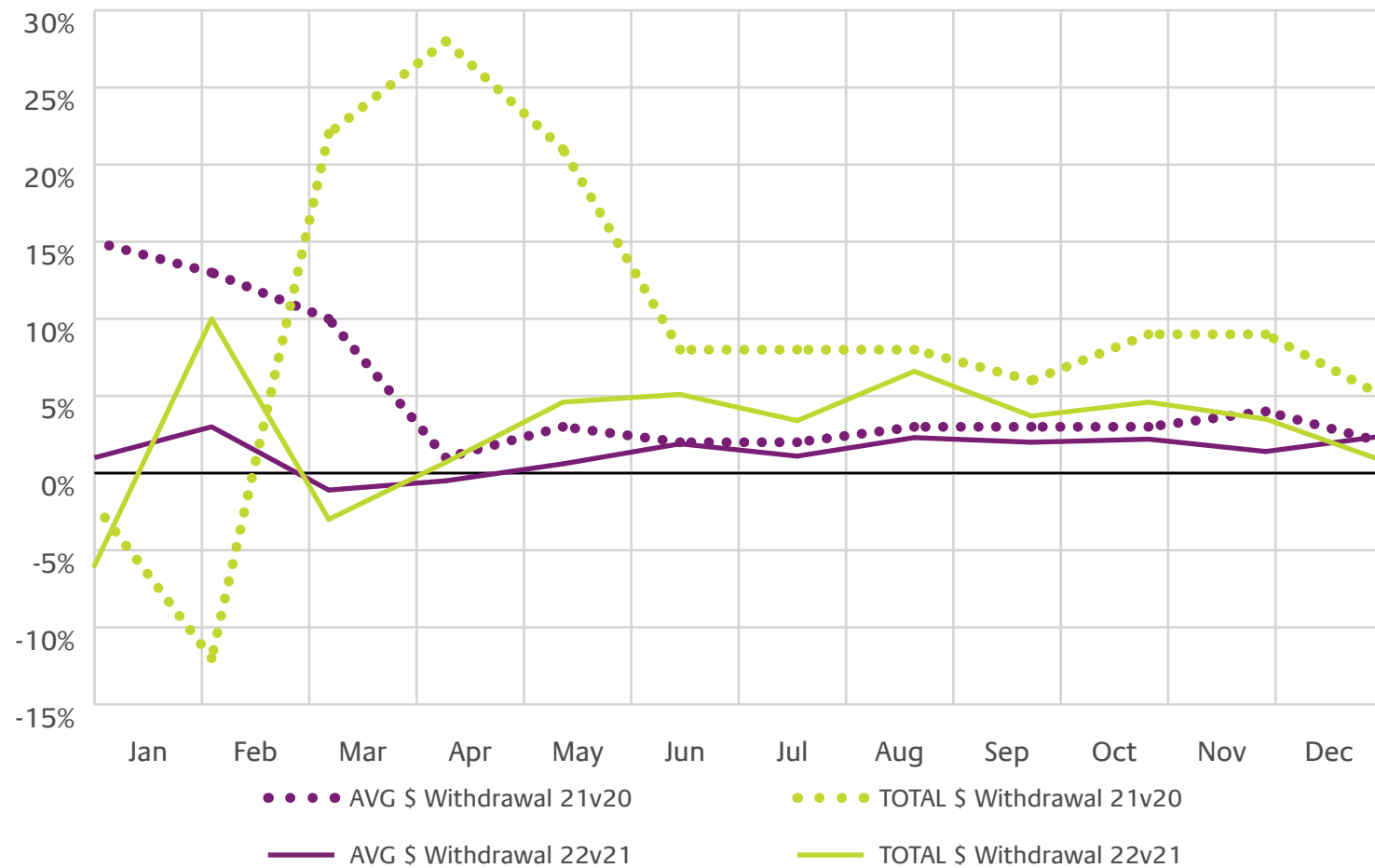
**DEBIT**  
December



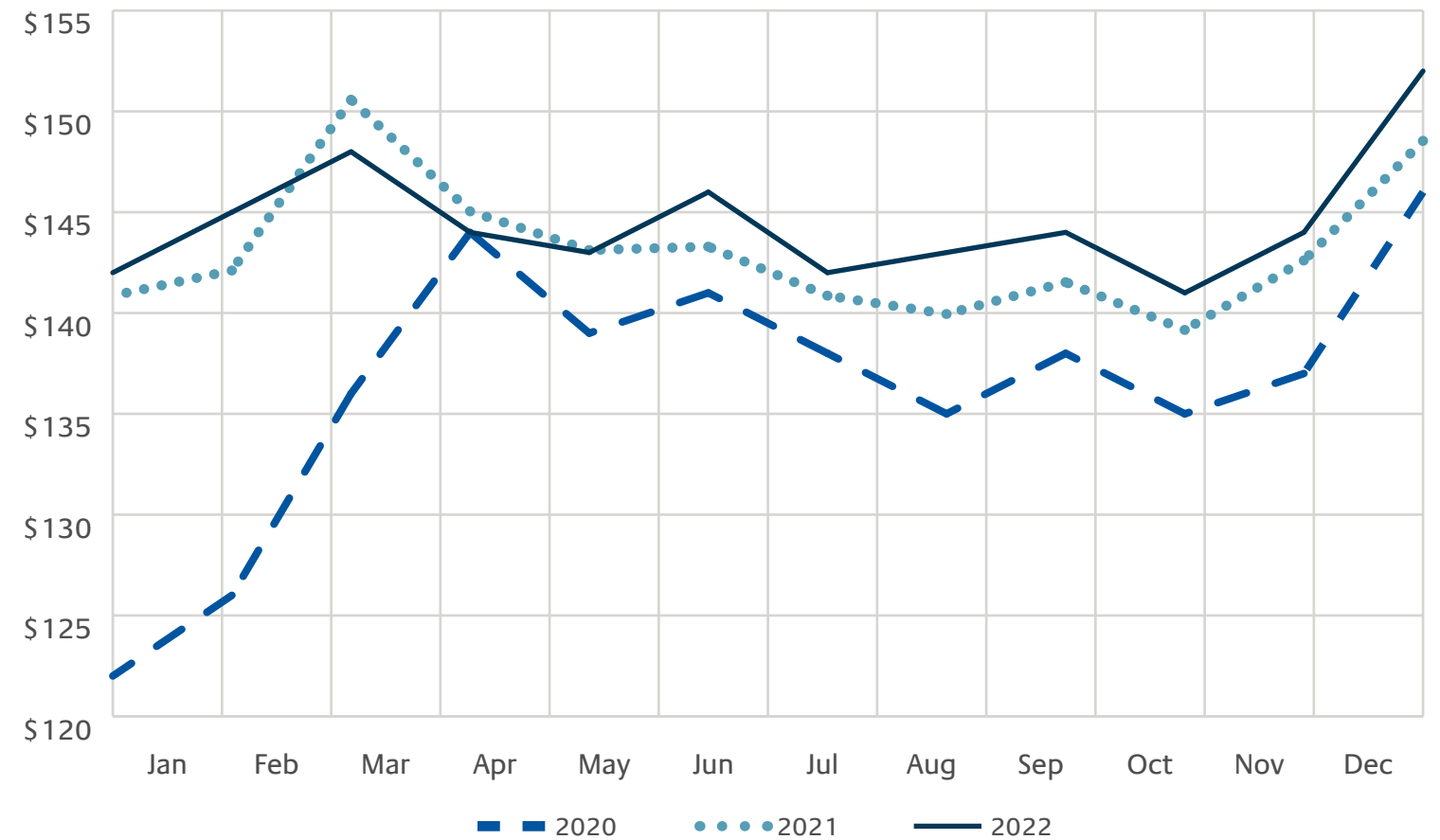
## ATM

For December 2022, growth in ATM withdrawal transaction volume fell 1.6% year over year. The average amount withdrawn per transaction increased 2.4% to \$152, with total cash withdrawn up 0.8% year over year.

**YOY GROWTH IN ATM WITHDRAWALS**  
December



**AVERAGE ATM WITHDRAWAL**  
December



## SECTORS/MERCHANT CATEGORIES

The top sectors for year-over-year growth in credit purchases for December included Travel (+18%), Entertainment (+15%), Restaurants (+12%) and Groceries (+12%). For credit transactions, Travel was the only double-digit rate, at 14%, while growth in the Goods and Gasoline sectors outpaced purchases.

While the Entertainment sector was the sole sector with double-digit growth for debit purchases in December, it was the lowest year-over-year growth, up 13%. For debit transactions, Goods was the highest growth sector at 9% and outperformed purchases.



### DRUG STORES

November 2022 V 2021

	Credit	Debit
YoY Purchases	-2%	-2%
YoY Transactions	-2%	-4%



### ENTERTAINMENT

November 2022 V 2021

	Credit	Debit
YoY Purchases	15%	13%
YoY Transactions	6%	7%



### GASOLINE

November 2022 V 2021

	Credit	Debit
YoY Purchases	4%	-0.2%
YoY Transactions	5%	-1%



### GOODS

November 2022 V 2021

	Credit	Debit
YoY Purchases	3%	7%
YoY Transactions	6%	9%



### GROCERIES

November 2022 V 2021

	Credit	Debit
YoY Purchases	12%	6%
YoY Transactions	7%	2%



### RESTAURANTS

November 2022 V 2021

	Credit	Debit
YoY Purchases	12%	4%
YoY Transactions	7%	0.2%



### SERVICES

November 2022 V 2021

	Credit	Debit
YoY Purchases	5%	5%
YoY Transactions	4%	4%



### TRAVEL

November 2022 V 2021

	Credit	Debit
YoY Purchases	18%	5%
YoY Transactions	14%	5%



### UTILITIES

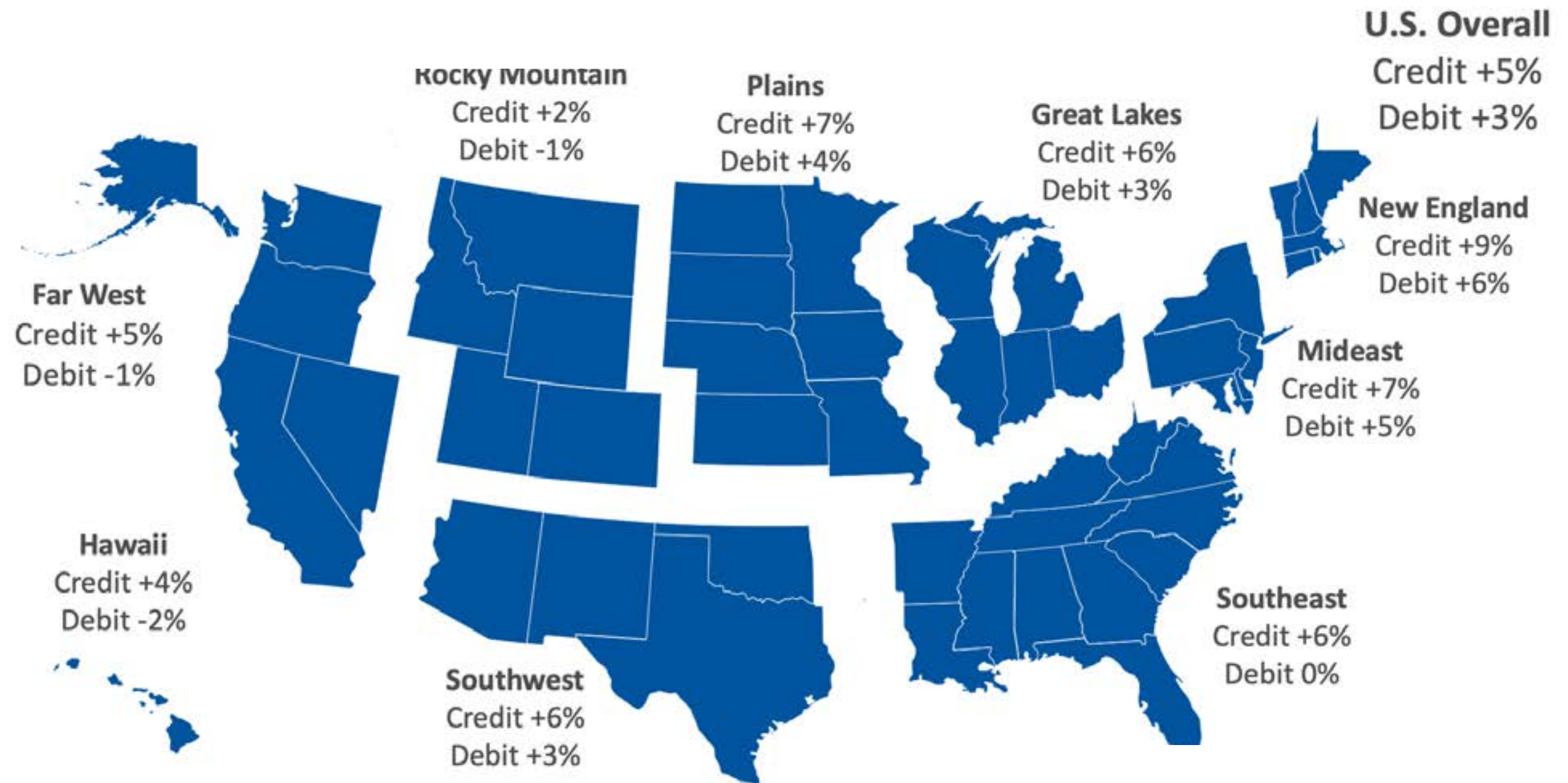
November 2022 V 2021

	Credit	Debit
YoY Purchases	8%	-14%
YoY Transactions	7%	-18%



## REGIONAL STATE LEVEL PURCHASE DOLLARS DATA THROUGH OCTOBER, DECEMBER, ENDING JANUARY 1, 2023

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

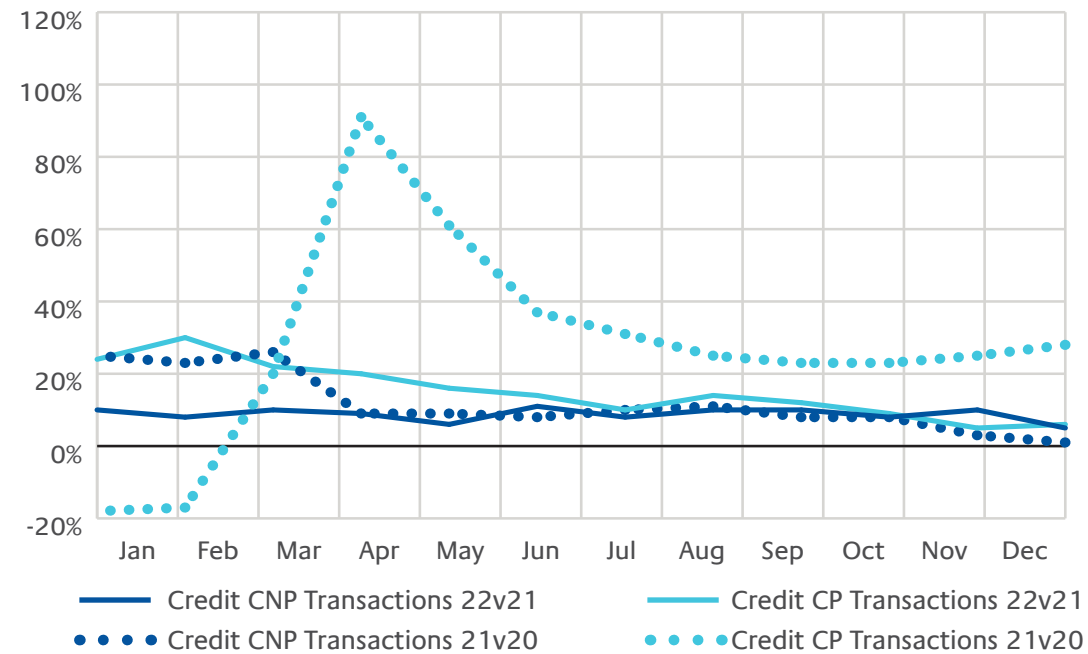


## CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

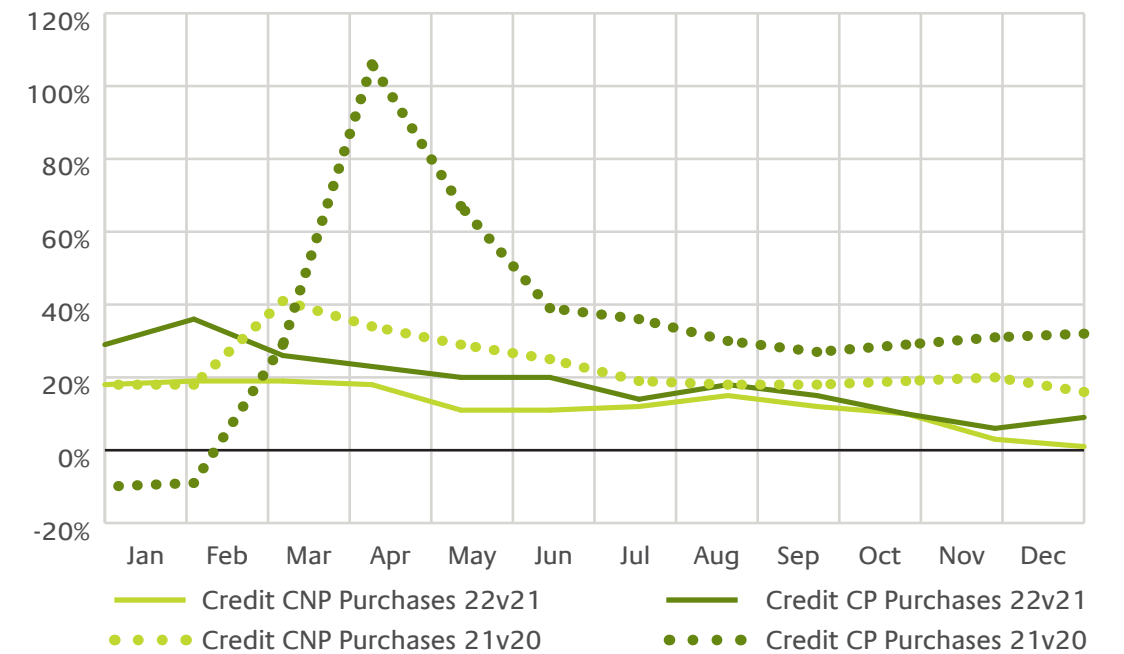
December 2022 Card Not Present (CNP) credit purchases represented 51% of all purchases, down from 53% for December 2021. CNP debit purchases represented 47% of overall debit purchases in December 2022, up from 43% for December 2021.

Year-over-year growth in credit transaction volumes increased by 1% for CNP and 6% for Card Present (CP). For debit transactions, CNP increased 13% while CP transactions were down 4% compared to December 2021.

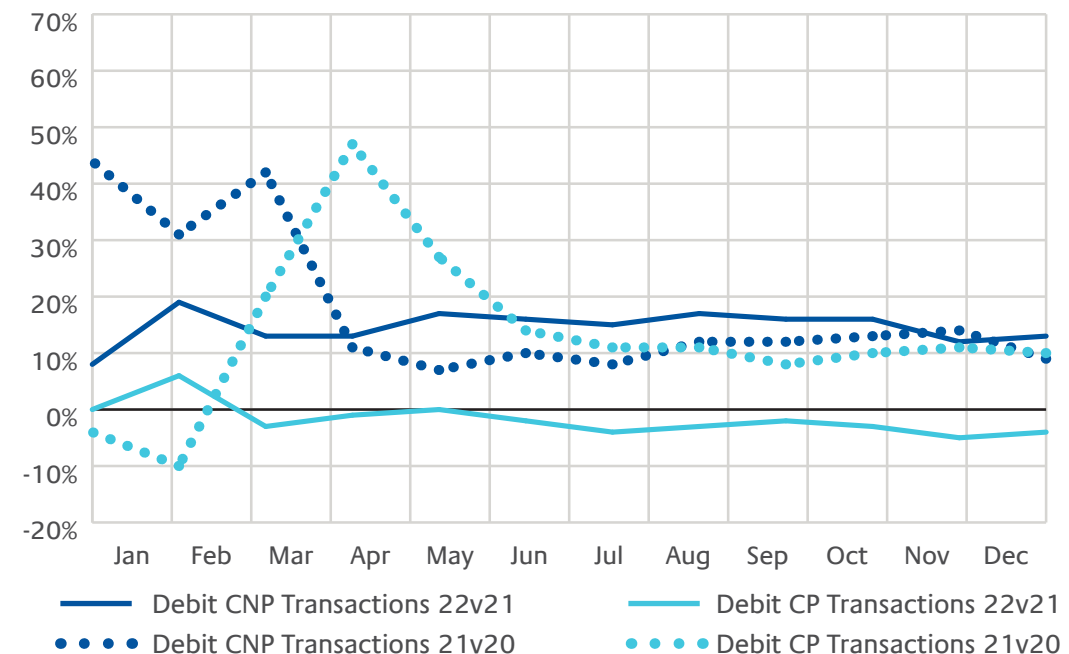
**YOY % GROWTH IN CREDIT TRANSACTIONS**  
December



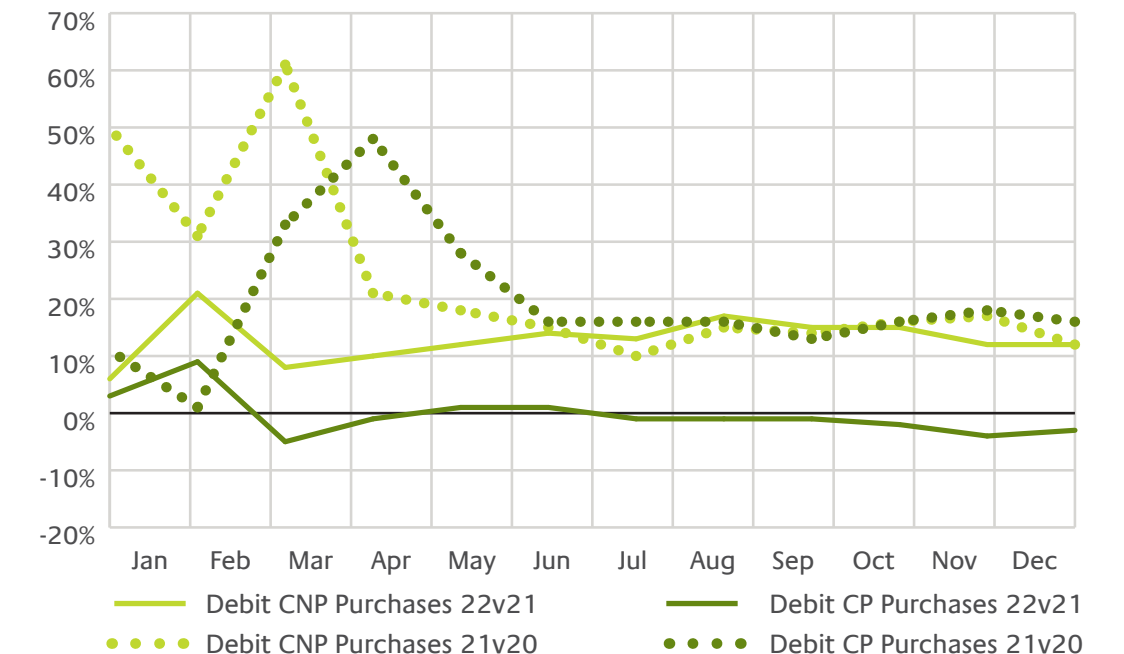
**YOY % GROWTH IN CREDIT PURCHASES**  
December



**YOY % GROWTH IN DEBIT TRANSACTIONS**  
December



**YOY % GROWTH IN DEBIT PURCHASES**  
December

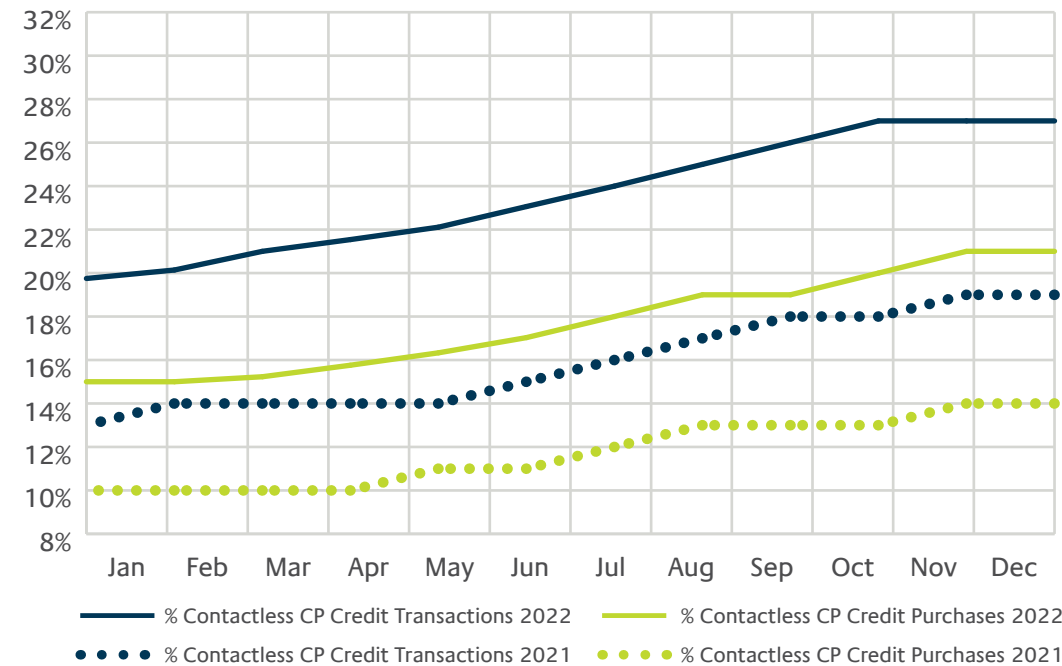


## CONTACTLESS TRANSACTIONS

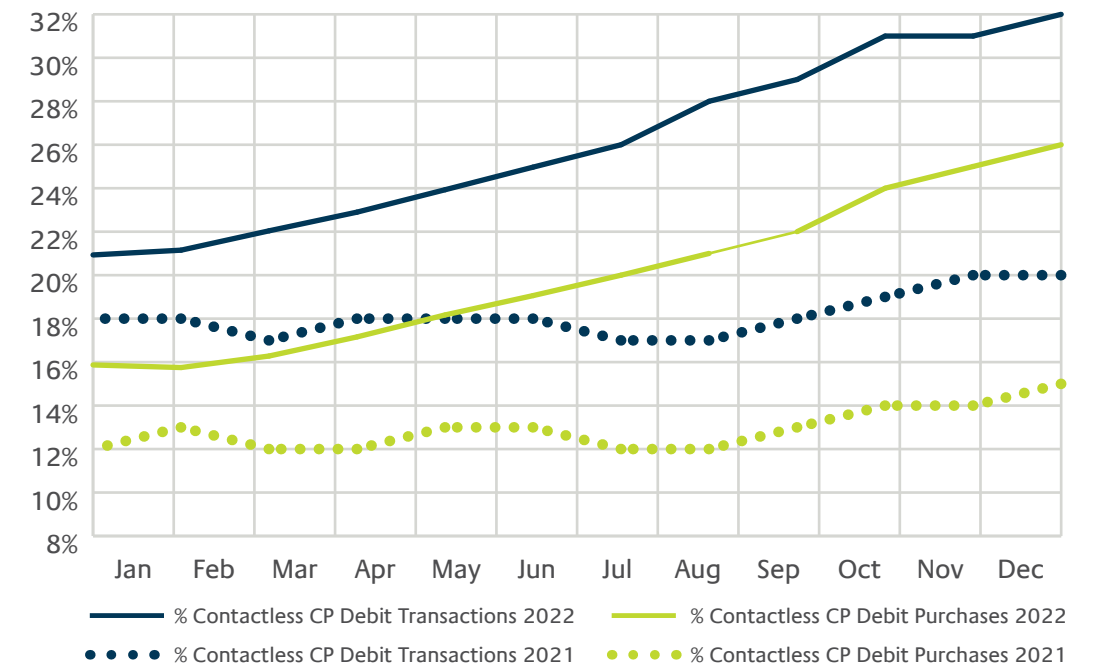
In December 2022, contactless tap-and-go credit transactions comprised 27% of total Card Present volume on contactless cards, compared to 19% in December 2021. For debit, contactless tap-and-go transactions finished at 32%, compared to 20% in December 2021.

The transaction size continues to suggest contactless represents smaller-dollar transactions. The average contactless purchase remains well below the overall average card purchase. For December, the average credit contactless purchase was \$49.39, 22% lower than the overall credit Card Present purchase of \$62.97, while the average debit contactless purchase was \$28.56, 27% lower than the overall debit Card Present average purchase of \$38.98.

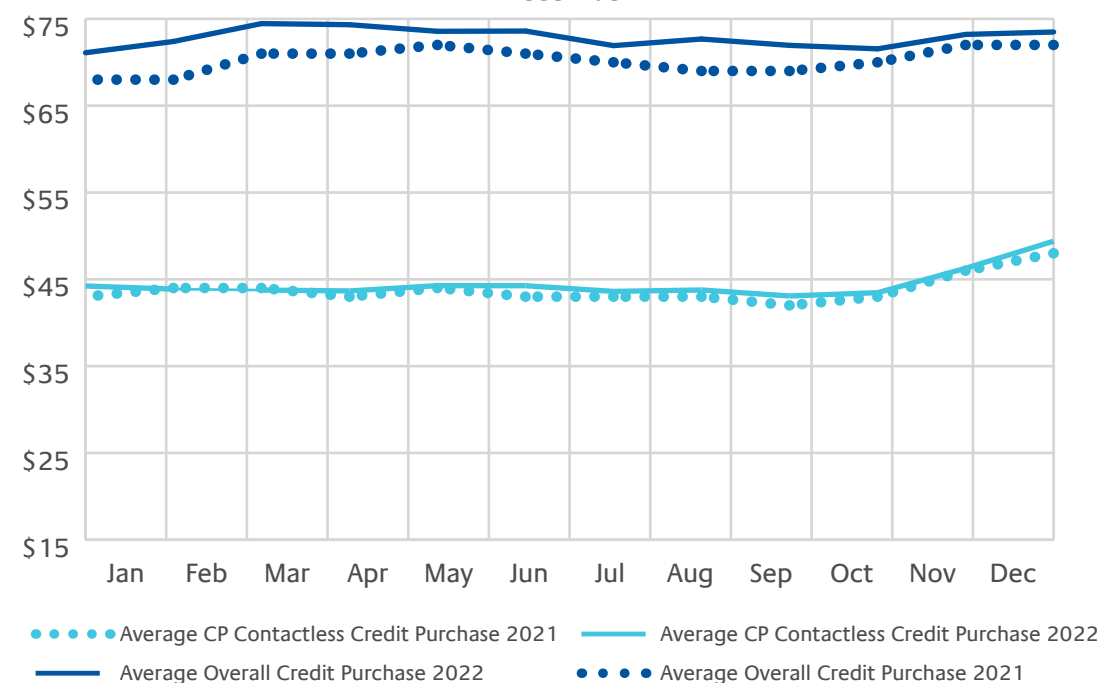
**% CONTACTLESS CREDIT ACTIVITY ON CONTACTLESS CARDS**  
December



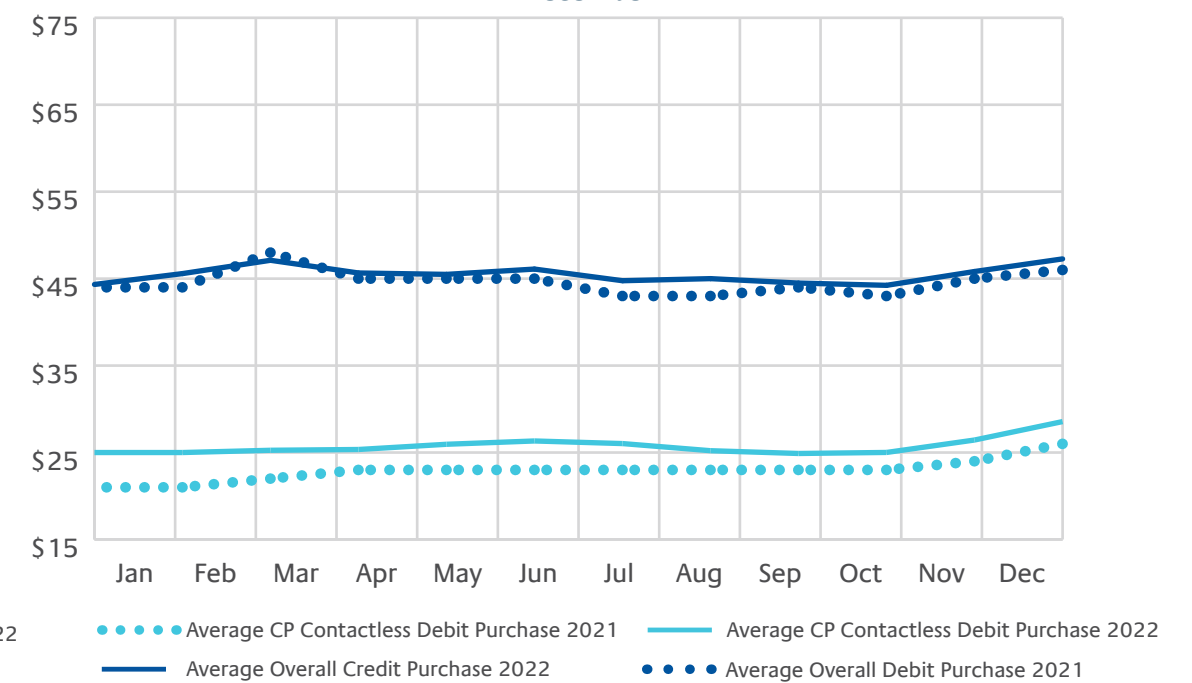
**% CONTACTLESS DEBIT ACTIVITY ON CONTACTLESS CARDS**  
December



**CONTACTLESS CREDIT AVERAGE PURCHASE**  
December



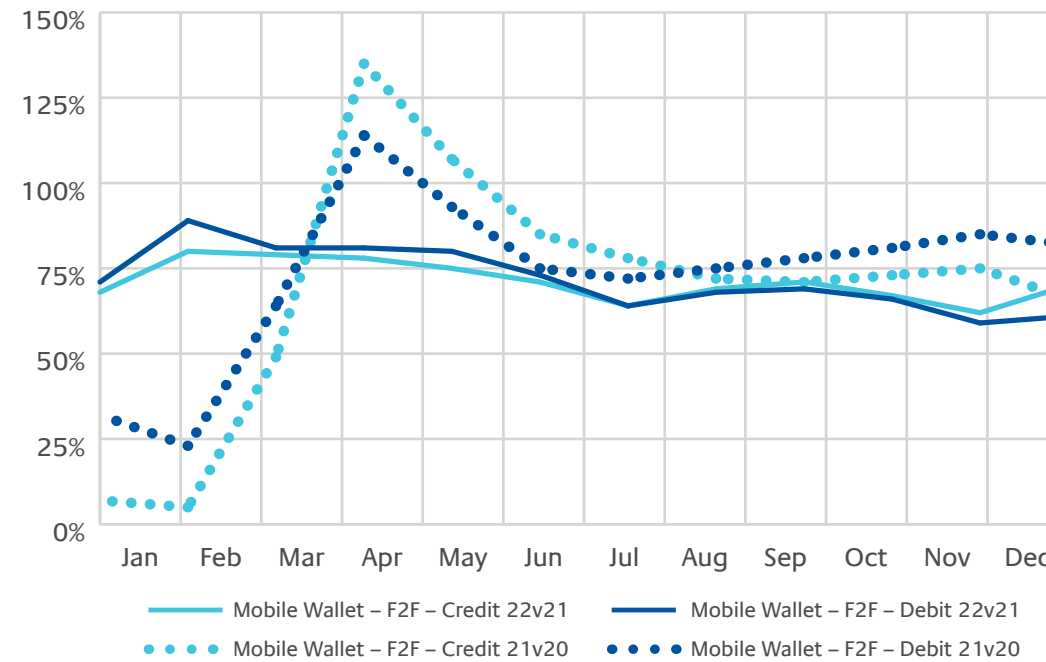
**CONTACTLESS DEBIT AVERAGE PURCHASE**  
December



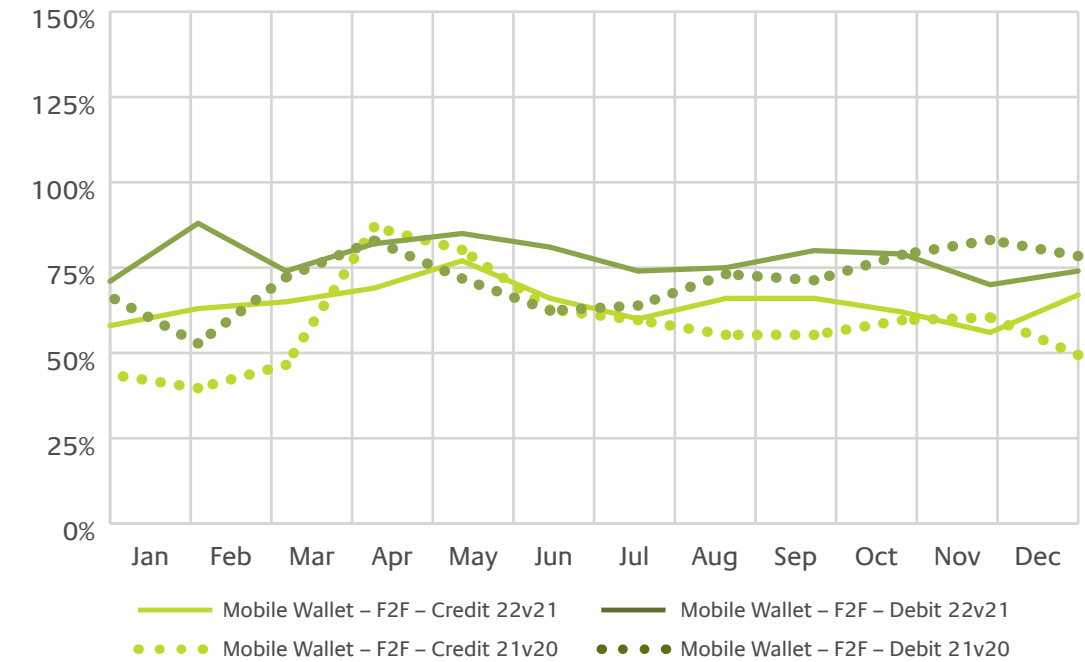
## MOBILE WALLETS

Mobile Wallet transaction volume growth remained solid for December, measuring 70% for credit and 61% for debit compared to December 2021. Mobile Wallet purchase performance experienced an uptick in December, with credit purchases up 67% and debit purchases up 74% year over year. The average Mobile Wallet credit purchase was \$33.85, down 1.6% (or \$0.53) compared to December 2021, while the average debit purchase increased by \$1.63 (up 8.3%) to \$21.38 in December 2022.

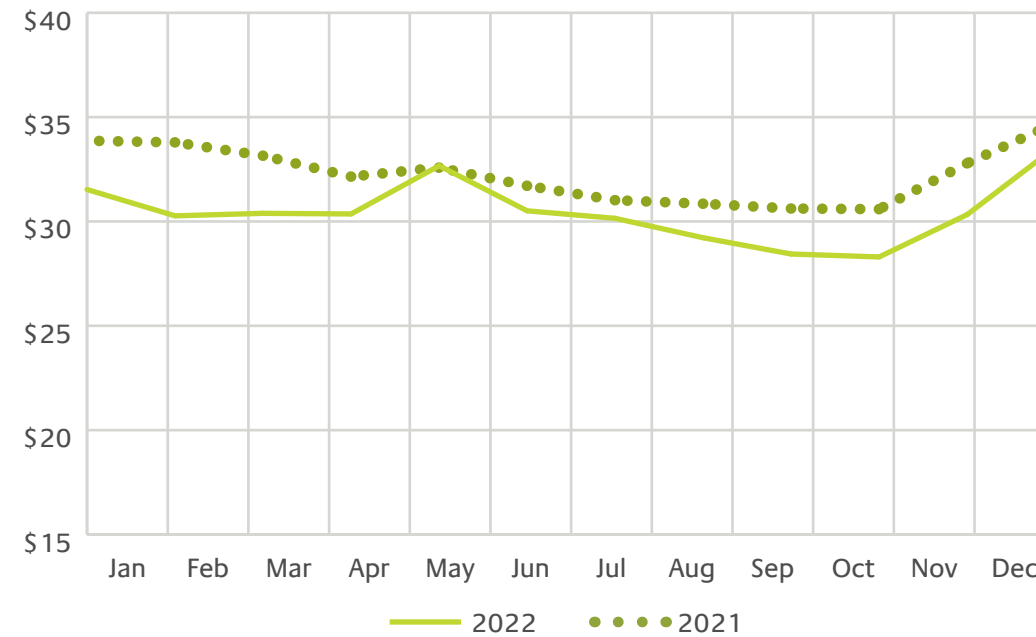
**YOY % GROWTH IN MOBILE WALLET TRANSACTIONS**  
December



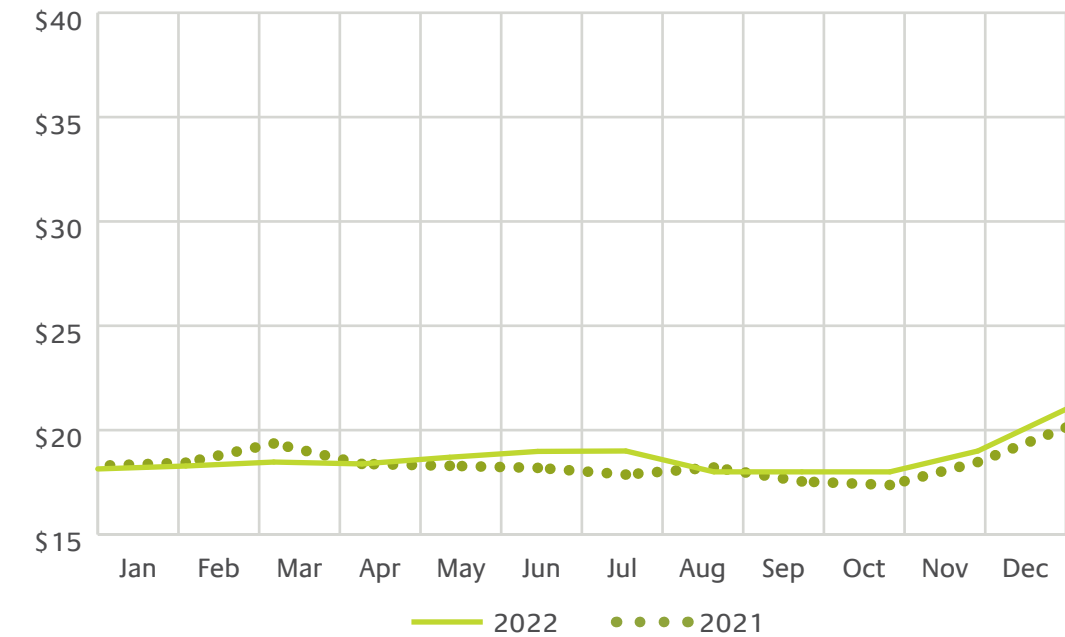
**YOY % GROWTH IN MOBILE WALLET PURCHASES**  
December



**MOBILE WALLET CREDIT AVERAGE PURCHASE**  
December



**MOBILE WALLET DEBIT AVERAGE PURCHASE**  
December







## ABOUT THE PSCU PAYMENTS INDEX

For current year results, credit unions included in the PSCU Payments Index data set 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 December edition of the Payments Index represents a total of 2.9 billion transactions valued at \$146 billion of credit and debit card activity from January 2022 through December 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 and an integrated financial technology solutions provider, supports the success of more than 2,400 financial institutions and processes nearly 7.7 billion transactions annually. Committed to service excellence and focused on continuous innovation, PSCU’s payment processing, fraud and risk management, data and analytics, digital banking, strategic consulting and real-time payments platforms, along with 24/7/365 member support via its contact centers, help deliver personalized, connected experiences. 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 45 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 [pescu.com](https://pescu.com).