

WELCOME TO THE PSCU PAYMENTS INDEX

We are excited to present the first edition of the PSCU Payments Index, the next evolution of our successful consumer payments trend analysis. In this new monthly publication, PSCU will provide our financial institutions, as well as the market, with timely data, analysis and thought leadership to help make informed, strategic decisions.

From March 2020 through March 2021, PSCU published Transaction Insights, a weekly analysis comparing year-over-year transactions from our Owner credit union members on a same-store basis to identify the impact of COVID-19 on consumer spending and shopping trends. In June 2020, we expanded this outreach to include U.S. state and territory analysis, providing our credit unions with additional insight into the performance levels for debit purchases, credit purchases and ATM transactions in the states in which they operate. A library of these weekly infographics and state/territory analyses is now available on the [PSCU Payments Index site](#).

As we have surpassed the one-year mark of the economic impact of the COVID-19 pandemic, year-over-year performance trends are now influenced by the significant shifts in consumer behavior experienced over the past year. Accordingly, as the successor to PSCU's successful weekly Transaction Insights, the monthly PSCU Payments Index uses 2019 purchasing history as a baseline comparison for 2021 results, as well as a comparison to 2020. This three-year view provides both a pre-pandemic comparison and insight into how consumer behavior continues to evolve since the impacts of 2020.

Financial institutions that process with PSCU can access comparable reports to benchmark their own membership data with the PSCU Payments Index for debit, credit and ATM transactions via [Member Insight](#), our comprehensive data analytics and reporting tool.

MONTHLY PERFORMANCE

In March 2020, the world economy was beginning to feel the impacts of the global COVID-19 pandemic. The term “social distancing” was new and mask wearing was being explored across the United States. From a purchasing perspective, 2020 was showing positive growth through February. Once the impacts of the pandemic were felt, year-over-year payments performance declined immediately. In March 2020, debit card purchases were flat versus 2019 at 0% and debit transactions were down 8%. Year-over-year credit purchases and transactions were both down 12%.

What a difference a year makes. Since March 2020, enhanced unemployment assistance has been provided and three U.S. government COVID relief bills have been administered, each resulting in an uptick in spending, especially on debit cards. In March 2021, the third wave of COVID-19 relief payments was administered. Trends appear similar to the impacts seen after the second round of COVID relief payments in early January 2021, including a sharp increase in debit purchases that tailed off over the next five to six weeks and with only a moderate increase in credit activity. Additionally, consumer comfort levels are increasing as more Americans are vaccinated, with the CDC [reporting](#) that nearly 190 million vaccines have already been delivered and more than 22% of the total U.S. population was fully vaccinated as of April 13. PSCU continues to monitor these trends, along with any implications of the pause on Johnson & Johnson vaccines announced earlier this week.

OVERALL PERFORMANCE

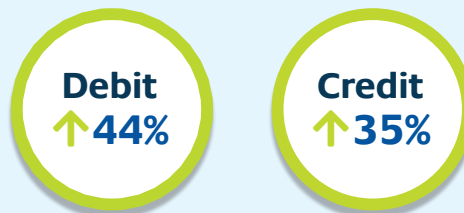
March (Month 3)

PURCHASES

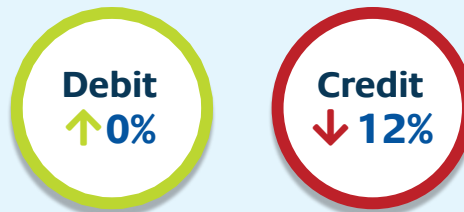
2021 VS. 2019



2021 VS. 2020

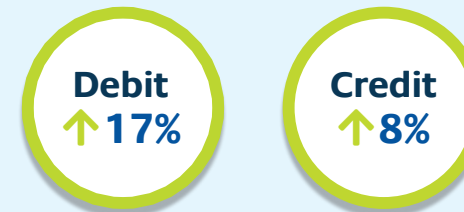


2020 VS. 2019

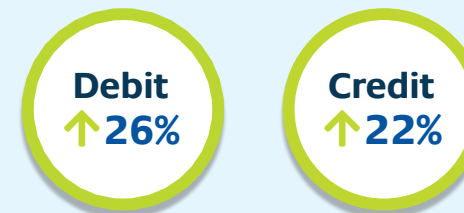


TRANSACTIONS

2021 VS. 2019



2021 VS. 2020



2020 VS. 2019



KEY TAKEAWAYS

- Debit growth continues to accelerate, with March benefiting from the third stimulus and setting record growth in purchase volume
- Credit volume continues to improve, with strong trends in March
- Card Not Present and Mobile Wallets continue to see strong adoption
- Travel, the most negatively impacted sector, is showing signs of improvement



Over the last month, we have seen continued signs of optimism as the number of vaccinated Americans increased exponentially and the third round of economic stimulus

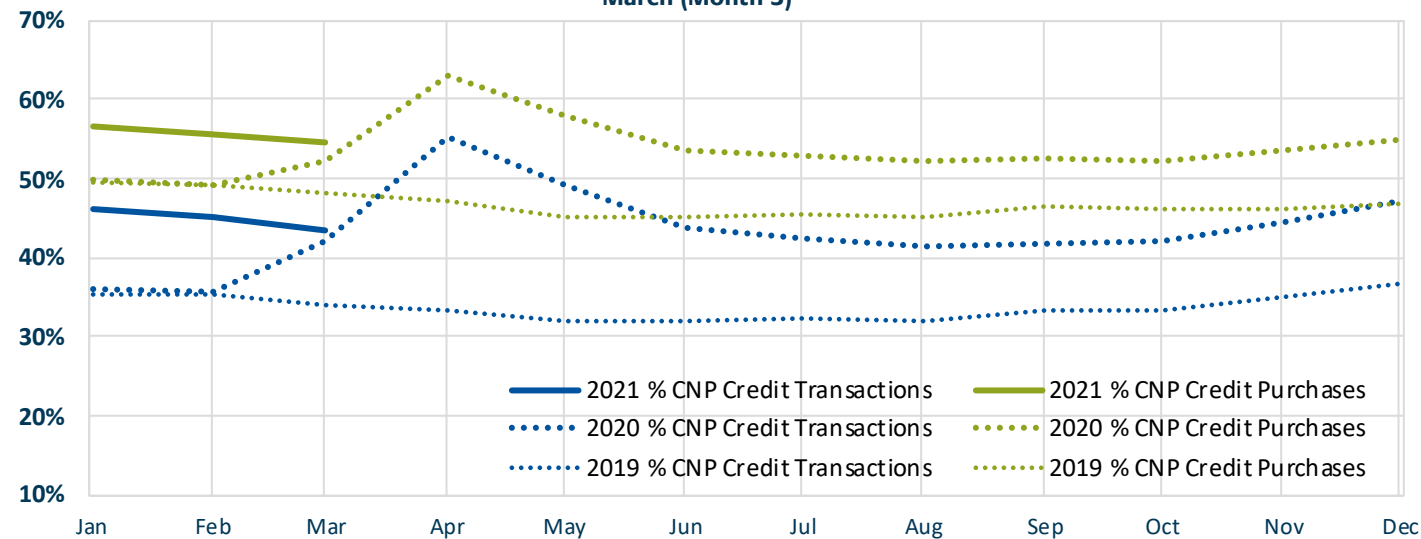
payments hit accounts. We are excited to leverage our industry-leading data science and analytics tools and capabilities to launch the PSCU Payments Index at a very important time for our credit unions – following a challenging, transformative year in which digital payments adoption was accelerated to the forefront. As we collectively look forward to the post-pandemic world, our first edition also explores the Travel sector, which has been the most adversely affected category over the course of the last year. We hope that the data and analysis provided in the Payments Index helps our credit unions continue to make informed, strategic decisions for their organizations and their members.

— Jeremiah Lotz, Managing Vice President, Digital and Data at PSCU

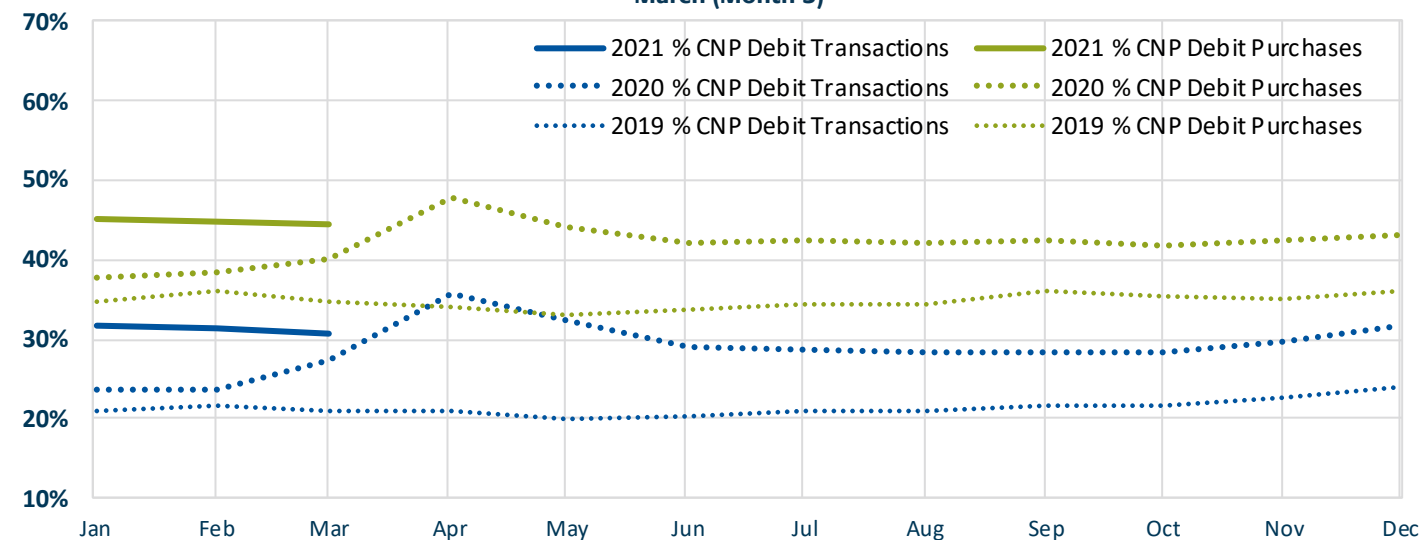
CARD NOT PRESENT (CNP) ACTIVITY

As the impacts of COVID-19 began in March 2020, Card Not Present (CNP) activity experienced a notable shift in both transactions and purchases, with the increase in the mix of CNP activity peaking in the April 2020 timeframe. Using 2019 performance as a baseline, from June 2020 through March 2021, there has been a 10-percentage-point increase in both debit transactions and debit purchases, with 45% of debit purchases now CNP. Similarly, credit CNP transactions have increased by 10 percentage points and credit CNP purchases have increased by seven percentage points, with 55% of credit purchases now CNP. These levels of CNP activity seem to be approaching a new normal influenced by the COVID-19 pandemic.

CNP CREDIT ACTIVITY
March (Month 3)



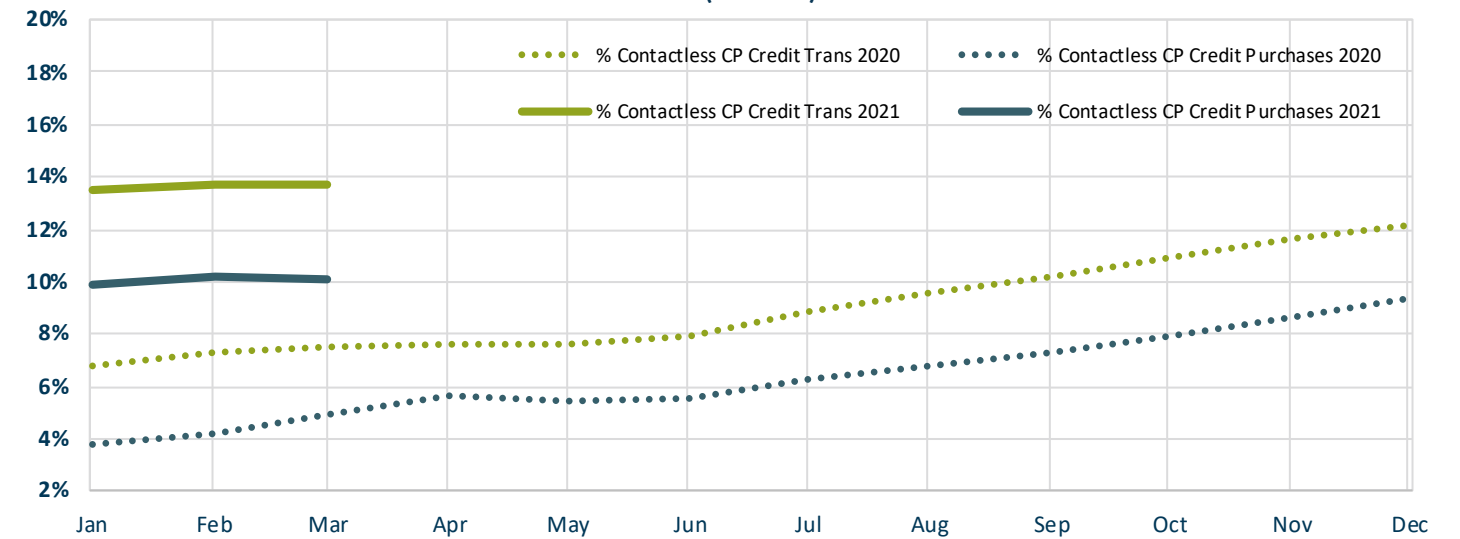
CNP DEBIT ACTIVITY
March (Month 3)



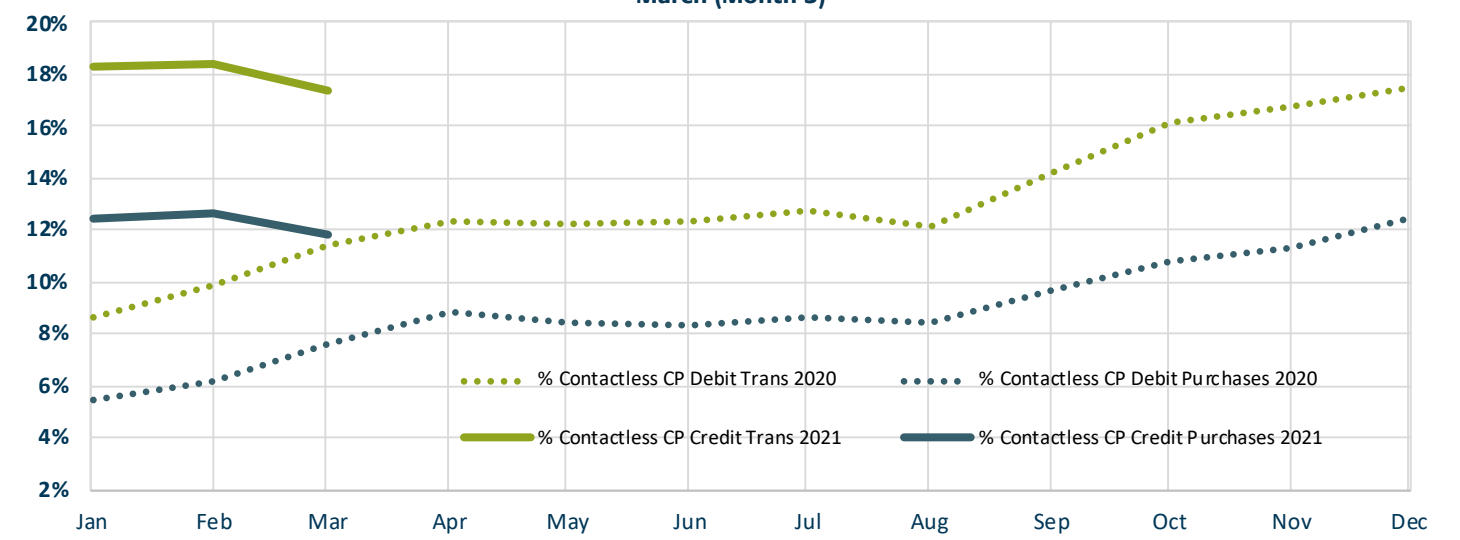
CONTACTLESS TRANSACTIONS

Contactless transactions on dual interface cards have shown strong consumer adoption throughout the pandemic. From March 2020 through December 2020, there was a marked increase in contactless usage for both debit and credit. From March 2020 through March 2021, there has been continued growth in contactless usage, with the mix of contactless volume holding steady as overall volume grows. For debit, contactless tap-and-go transactions have more than doubled from 8% of total card present volume in January 2020 to 17% in March 2021. For credit, contactless tap-and-go transactions have also more than doubled from 6% in January 2020 to 13% in March 2021.

CONTACTLESS CREDIT ACTIVITY
March (Month 3)



CONTACTLESS DEBIT ACTIVITY
March (Month 3)

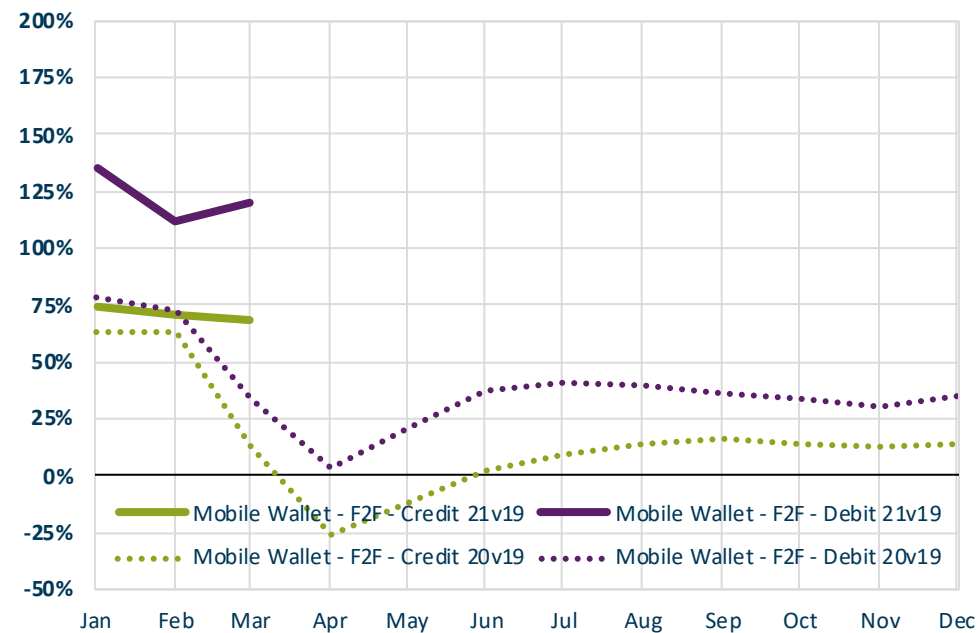


MOBILE WALLETS

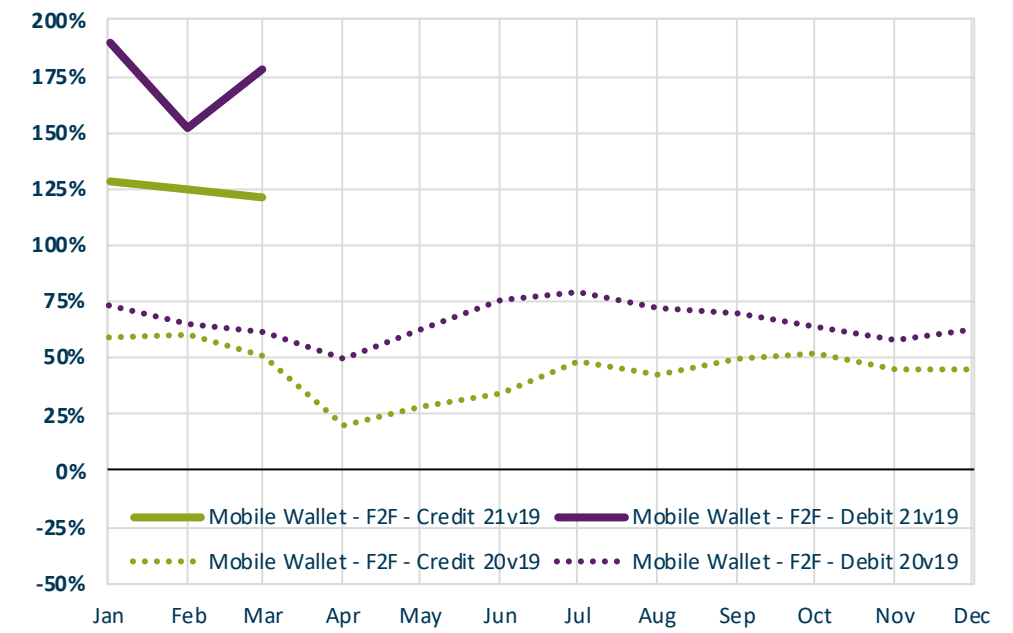
Mobile Wallets have seen an increase in usage since the start of 2021, especially for debit. The increase in debit Mobile Wallet transactions has been up monthly just over 100% compared to the 2019 baseline and more than 25% compared to the first three months of 2020. Purchases are up a bit higher than transaction volumes, as the trend on average purchase size has increased from \$15.20 (in 2019) to \$19.36 in 2021.

For Mobile Wallet credit activity, year-over-year growth in transaction volumes has stayed in line with the results of 2020 (vs. the 2019 baseline), up roughly 75%, at least for the first three months of 2021. Similar to debit Mobile Wallets, the trend for credit purchases is up 125% for the start of 2021 compared to 2019. The average Mobile Wallet credit purchase increased by \$10 per transaction since the start of the pandemic in March 2020, while the average Mobile Wallet credit purchase in 2021 is now \$33.60.

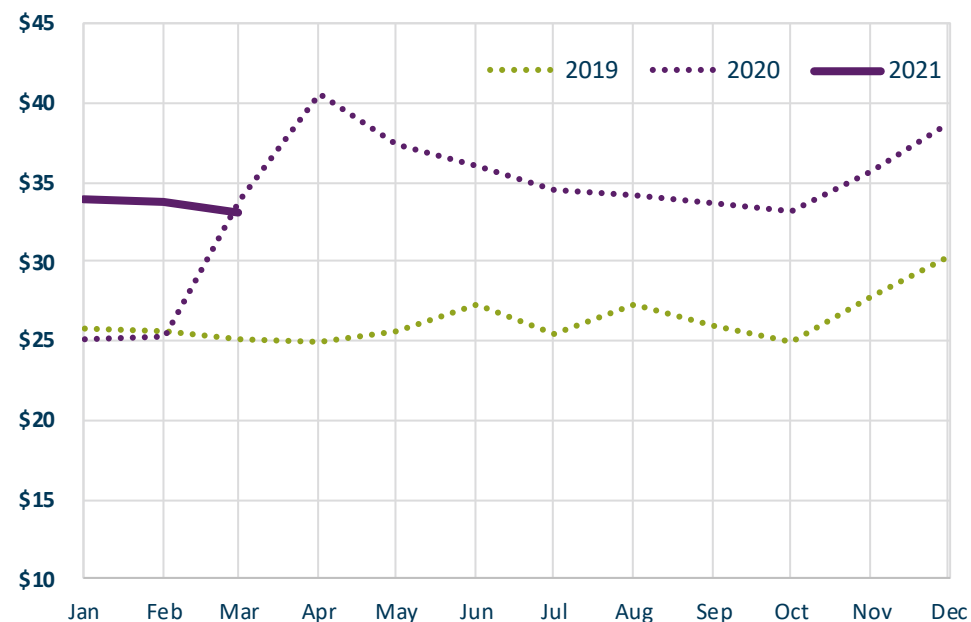
MOBILE WALLET TRANSACTIONS (2019 BASELINE)
March (Month 3)



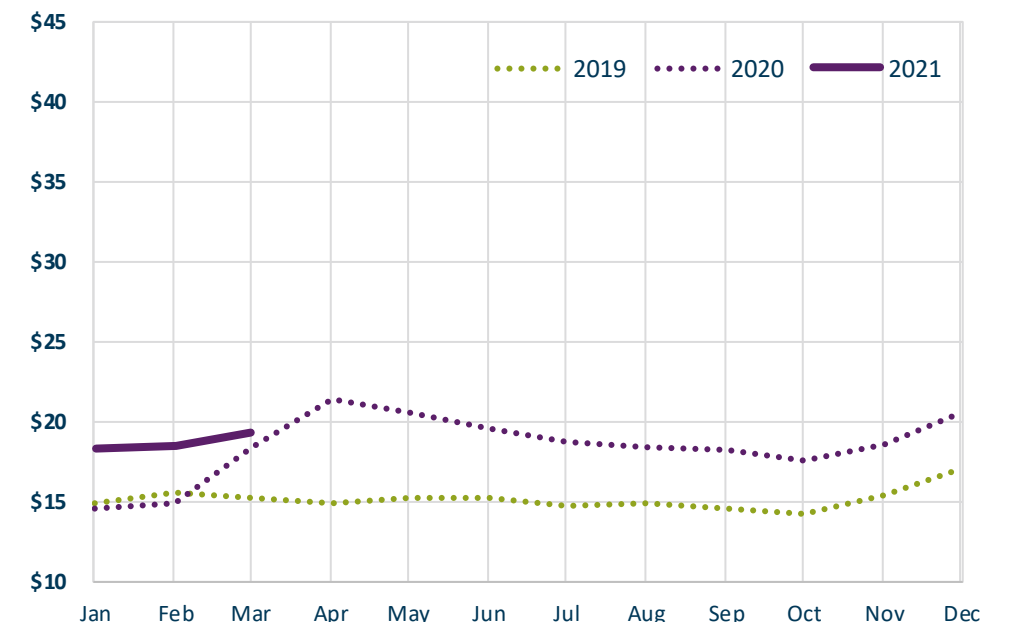
MOBILE WALLET PURCHASES (2019 BASELINE)
March (Month 3)



MOBILE WALLET CREDIT AVERAGE PURCHASE
March (Month 3)



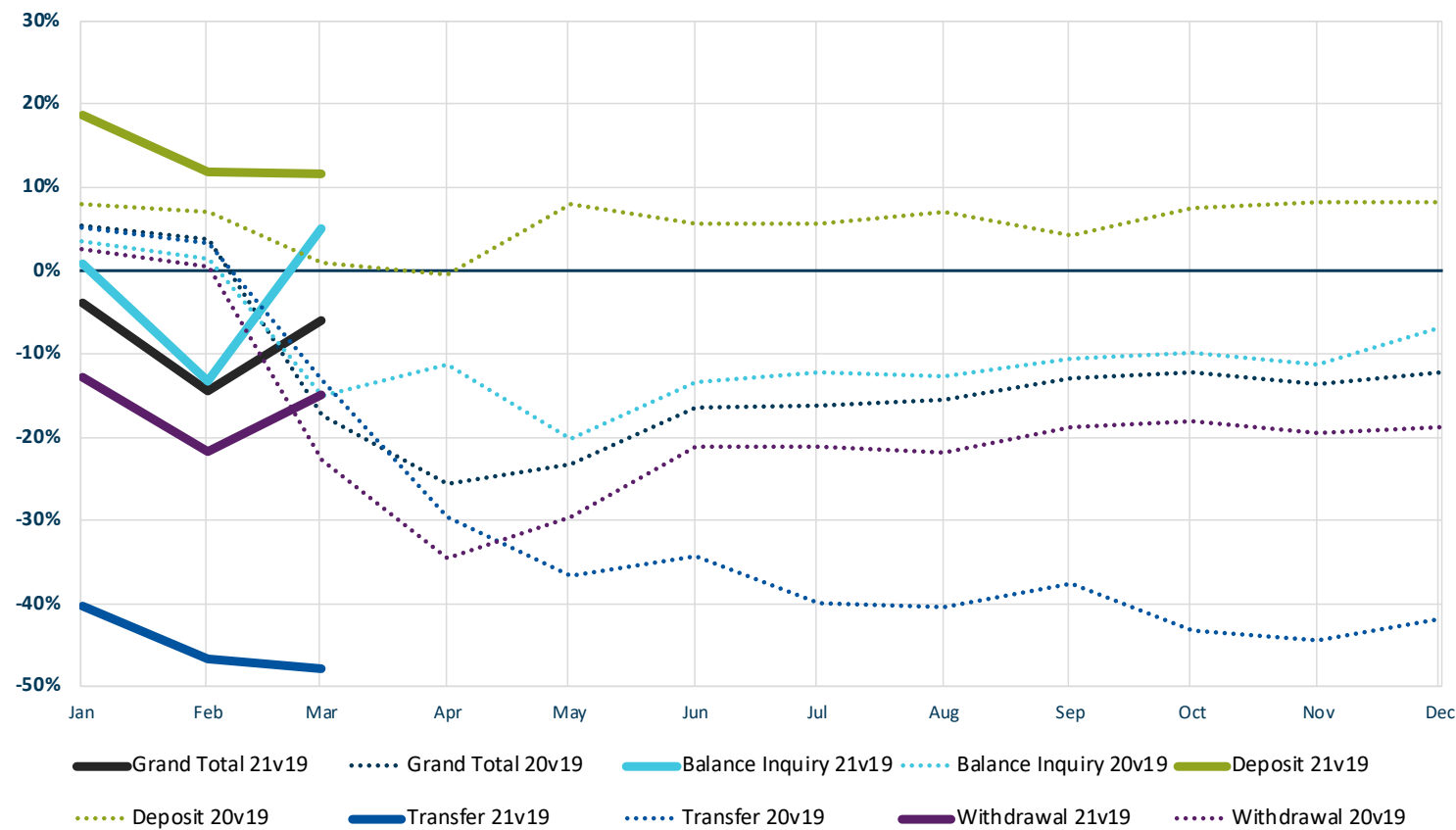
MOBILE WALLET DEBIT AVERAGE PURCHASE
March (Month 3)



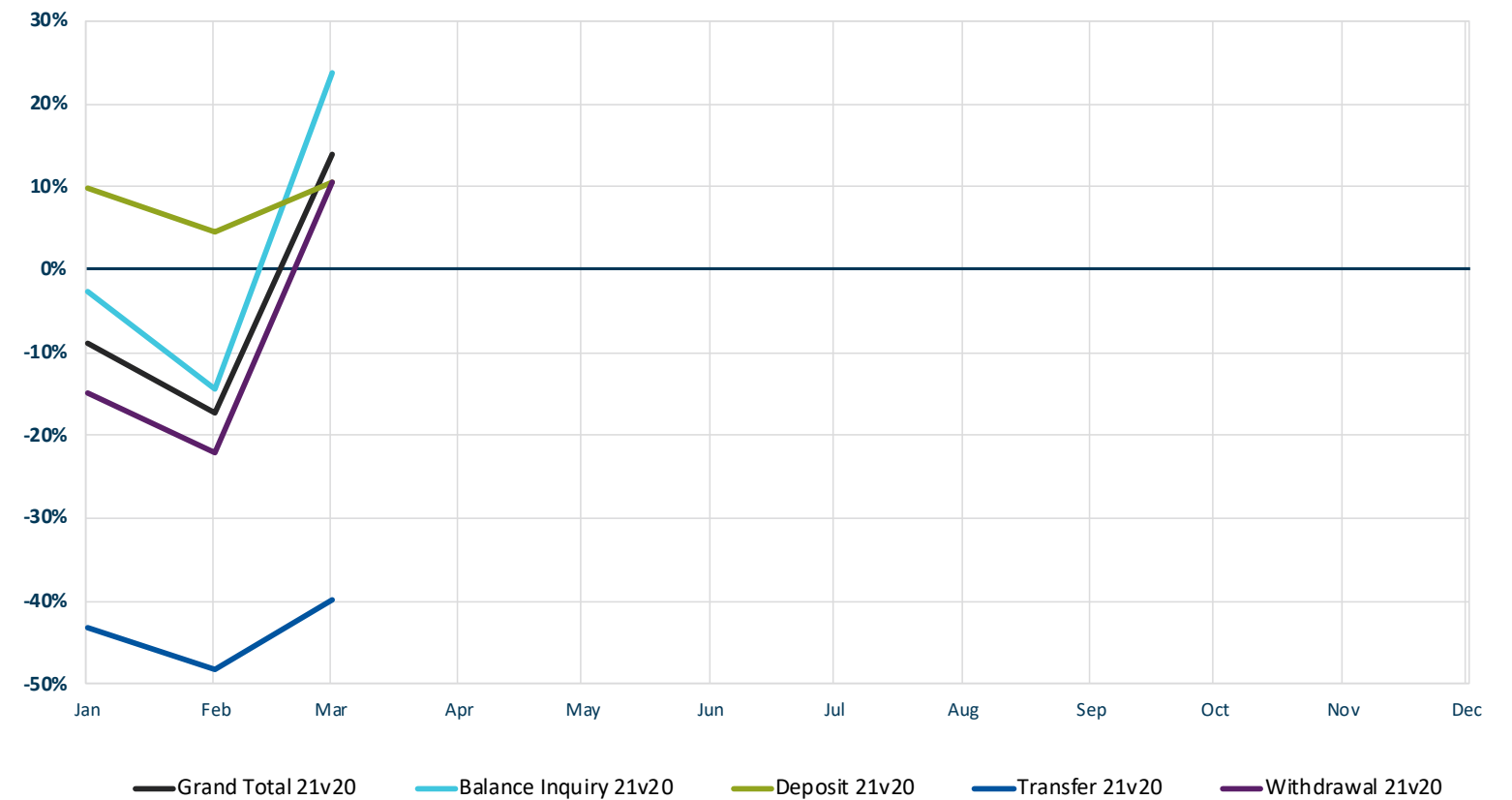
ATM

While ATM usage and demand for cash has remained down overall throughout the pandemic, total cash withdrawn has increased via higher average withdrawals following the second (January 2021) and third (March 2021) federal stimulus payments. Since June 2020, total monthly cash withdrawn is down 10% compared to the 2019 baseline. In January and March of this year, total cash withdrawn is up 1% and 3% over the 2019 baseline. Since April 2020, the trend for average monthly cash withdrawn is up at least 10% over the 2019 baseline with a high point in March 2021 of 21% at \$151.

ATM MONTHLY WITHDRAWALS (2019 BASELINE)
March (Month 3)



ATM MONTHLY WITHDRAWALS (2020 BASELINE)
March (Month 3)



SECTORS/MERCHANT CATEGORIES

As the saying goes, “a rising tide lifts all boats.” Most sectors have seen the benefit of the federal relief payments. Consumer Goods (“Goods”), Groceries and the Service sectors all remain at the top for year-over-year growth in purchases. While the Travel and Entertainment sectors have been slowly improving, they still have a substantial road back to pre-pandemic levels. In 2021, Travel and Entertainment made up more ground with debit purchases than with credit. However, both sectors remain at least 25% below monthly credit purchase levels when compared to the start of 2019 and are the only two sectors currently below 2019 levels.

For debit purchases, every sector is above their respective 2019 baselines for March 2021 results. Notably, Gasoline sector purchases remain above 2019 levels, with growth in debit higher than that of credit purchases. As we have previously reported, this increase in spending is the result of higher fuel prices, not an increase in the demand for fuel.

Comparing March 2021 debit and credit purchases against 2020 results, all but two sectors (Groceries and Drug Stores) are reporting positive results. At this time last year, store shelves in these sectors were empty as consumers aggressively hunted for food staples, paper products and hair dye.



DRUG STORES

March (Month 3)

	Credit	Debit
2021 v 2019	5%	5%
2021 v 2020	-9%	-4%
2020 v 2019	16%	9%



ENTERTAINMENT

March (Month 3)

	Credit	Debit
2021 v 2019	-27%	7%
2021 v 2020	40%	80%
2020 v 2019	-48%	-41%



GASOLINE

March (Month 3)

	Credit	Debit
2021 v 2019	9%	17%
2021 v 2020	51%	46%
2020 v 2019	-28%	-20%



GOODS

March (Month 3)

	Credit	Debit
2021 v 2019	41%	65%
2021 v 2020	45%	66%
2020 v 2019	-3%	-1%



GROCERIES

March (Month 3)

	Credit	Debit
2021 v 2019	26%	22%
2021 v 2020	-14%	-5%
2020 v 2019	46%	28%



RESTAURANTS

March (Month 3)

	Credit	Debit
2021 v 2019	3%	24%
2021 v 2020	71%	67%
2020 v 2019	-40%	-26%



SERVICE

March (Month 3)

	Credit	Debit
2021 v 2019	25%	45%
2021 v 2020	41%	53%
2020 v 2019	-11%	-5%



TRAVEL

March (Month 3)

	Credit	Debit
2021 v 2019	-33%	5%
2021 v 2020	62%	76%
2020 v 2019	-59%	-41%



UTILITIES

March (Month 3)

	Credit	Debit
2021 v 2019	24%	46%
2021 v 2020	19%	34%
2020 v 2019	4%	9%

DEEPER DIVE: TRAVEL

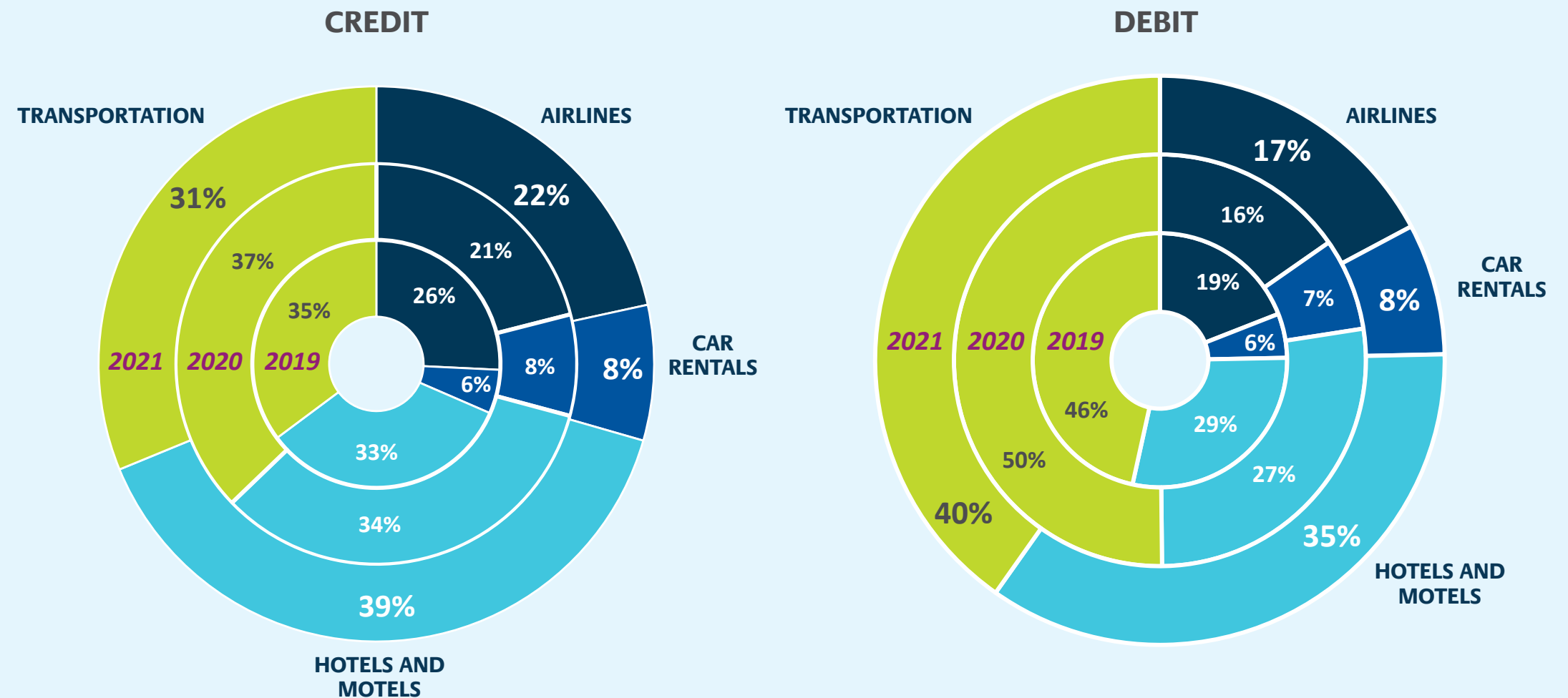
This month, we take a deeper look at the Travel sector and its components, including airlines, lodging and vehicle rentals. From PSCU's dataset, Travel remains the most adversely impacted sector of the U.S. economy. While TSA recently [reported](#) the biggest travel week since the start of the pandemic, air travel continues to be discouraged by the [CDC](#) until the traveler is fully vaccinated. Following severe reductions in Travel sector purchases in 2020, we offer comparisons to 2019 results as a baseline, in addition to current year-over-year performance.

Overall, the Travel sector shows improvements in some sub-categories, including car rentals, hotels and domestic airline travel – especially in debit. These improvements have been aided by the disbursement of stimulus payments and the increased availability, eligibility and distribution of the COVID-19 vaccine.

Prior to March 2021, the pandemic-era trends in debit and credit activity for the Travel sector can be characterized into two timeframes: the second half of 2020, in which all activity remained well below 2019 levels, credit purchases were down more than 50% and debit purchases were down just over 20%; and January 2021, when the distribution of the second federal stimulus payments briefly drove debit purchases up in the Travel sector back up to 2019 levels before slowly receding to 2020 levels. Credit purchases in January 2021 remained down by 50% compared to 2019 levels.

Historically, the breakout of the travel sector has been somewhat consistent by card type. As fewer people traveled during the pandemic, there has been more spending in hotels and rental cars and less spending in airlines and transportation.

TRAVEL SECTOR PERCENTAGE SPEND 2019-2021 MARCH (MONTH 3)





AIRLINES

A notable component of the Travel sector is Airlines. Overall Airline purchases have been dramatically down since the start of the pandemic. However, travel restrictions are beginning to ease, allowing hopeful Americans to travel domestically. At the same time, international travel to a [select group of countries](#) is also starting to resume.

- Overall Airline purchases have been slowly climbing back from their low point in April 2020, when purchases were down more than 80%. For March 2021, debit is down 6% compared to 2019 and credit is down 33%. Each have shown monthly improvement, with March 2021 marking the most notable jump since the onset of the pandemic.
- Within Airlines, U.S.-based carriers are up 3% for debit compared to 2019 and down 36% for credit. Purchases on these “domestic” airlines have improved weekly since early February, possibly indicating a restored confidence in air travel for summer and beyond.
- In a [recent interview](#), Southwest Airlines CEO Gary Kelly remarked that business travel remains weak, down 90%, and expects that recovery for business travelers will take five years to return to pre-pandemic levels. Kelly is hopeful for future revenue from pent-up consumer demand for leisure travel as the vaccination rates of the U.S. traveling population continues to grow.

CRUISE LINES

Cruise Lines continue to see dramatically lower purchase volumes and, like airlines, are a barometer of the comfort level of the traveling public in the COVID-19 environment. For March 2021, debit purchases are down 83% compared to 2019. For credit, purchases are down 90%. The trend for purchases in the Cruise Line sector has remained consistent since April 2020 with one slight improvement in debit purchases during Week 12, with the disbursement of the COVID relief package.

Given the advance requirements for many leisure airline and cruise line purchases, we will continue to watch these areas as leading indicators of recovery and the growing confidence of the traveling public. Auto rentals and hotels, which both tend to have fewer advance purchase requirements, have seen improved performance results, also with debit leading over credit purchases.

AUTOMOBILE RENTALS

Automobile Rentals have fared the best within the Travel sector after the initial impact of COVID-19, most notably for debit purchases. In 2020, Auto Rental debit purchases outpaced 2019 spending in mid-September, while Auto Rental credit purchases have not crossed back into positive territory. For March 2021 results, debit purchases are up 38% compared to 2019, while credit purchases are down 8%.

HOTELS AND MOTELS

Hotels and Motels are also faring better with debit than with credit. For the month of March 2021, Hotel and Motel debit purchases are up 28% compared to 2019. There was a sharp improvement in the weeks of March following the latest stimulus payments, likely timed around Spring Break. Prior to that, in the second half of 2020, purchases were mainly below the 2019 baseline with the exception of Labor Day week. For credit, Hotel and Motel purchases are down 21% compared to 2019. While the trend for credit purchases in this category has also been below the 2019 baseline, there has been a gradual uptick in weekly purchases since the start of February.



OVERALL AIRLINE PURCHASES

	Credit	Debit
2021 v 2019	-44%	-6%
2021 v 2020	63%	98%
2020 v 2019	-66%	-52%



OVERALL CRUISE LINE PURCHASES

	Credit	Debit
2021 v 2019	-90%	-83%
2021 v 2020	-66%	-57%
2020 v 2019	-69%	-61%



OVERALL AUTOMOBILE RENTAL PURCHASES

	Credit	Debit
2021 v 2019	-8%	38%
2021 v 2020	56%	81%
2020 v 2019	-41%	-24%

According to the [U.S. Travel Association](#), hotel occupancy was down by almost 50% in 2020, with economy hotels less impacted than luxury hotel brands. Travel lodging across the board was affected by COVID-19, although hotel alternatives like Airbnb and Vrbo have recovered much faster than hotel chains and continue to outperform in purchase dollars spent.

Also impacted by the decline in travel are destination expenses, which we have included to provide additional perspective and trends on the post-pandemic recovery.

DESTINATION EXPENSES

- Amusement Parks: Since the beginning of January 2021, purchases have increased at the weekly level in this category for both debit and credit purchases. For March 2021 results, debit purchases are up 20% compared to 2019. Credit purchases are up 159% compared to 2019.
- Theatrical Productions (includes shows such as Broadway and Las Vegas): The trend for purchases in this category for both credit and debit resemble that of cruise lines, with some improvement in the weeks of March 2021. For the month, debit purchases are down 63% compared to 2019 and credit purchases are down 66%.



OVERALL AMUSEMENT PARK PURCHASES

	Credit	Debit
2021 v 2019	159%	20%
2021 v 2020	600%	151%
2020 v 2019	-63%	-52%



OVERALL THEATRICAL PRODUCTIONS PURCHASES

	Credit	Debit
2021 v 2019	-66%	-63%
2021 v 2020	-14%	-10%
2020 v 2019	-60%	-59%

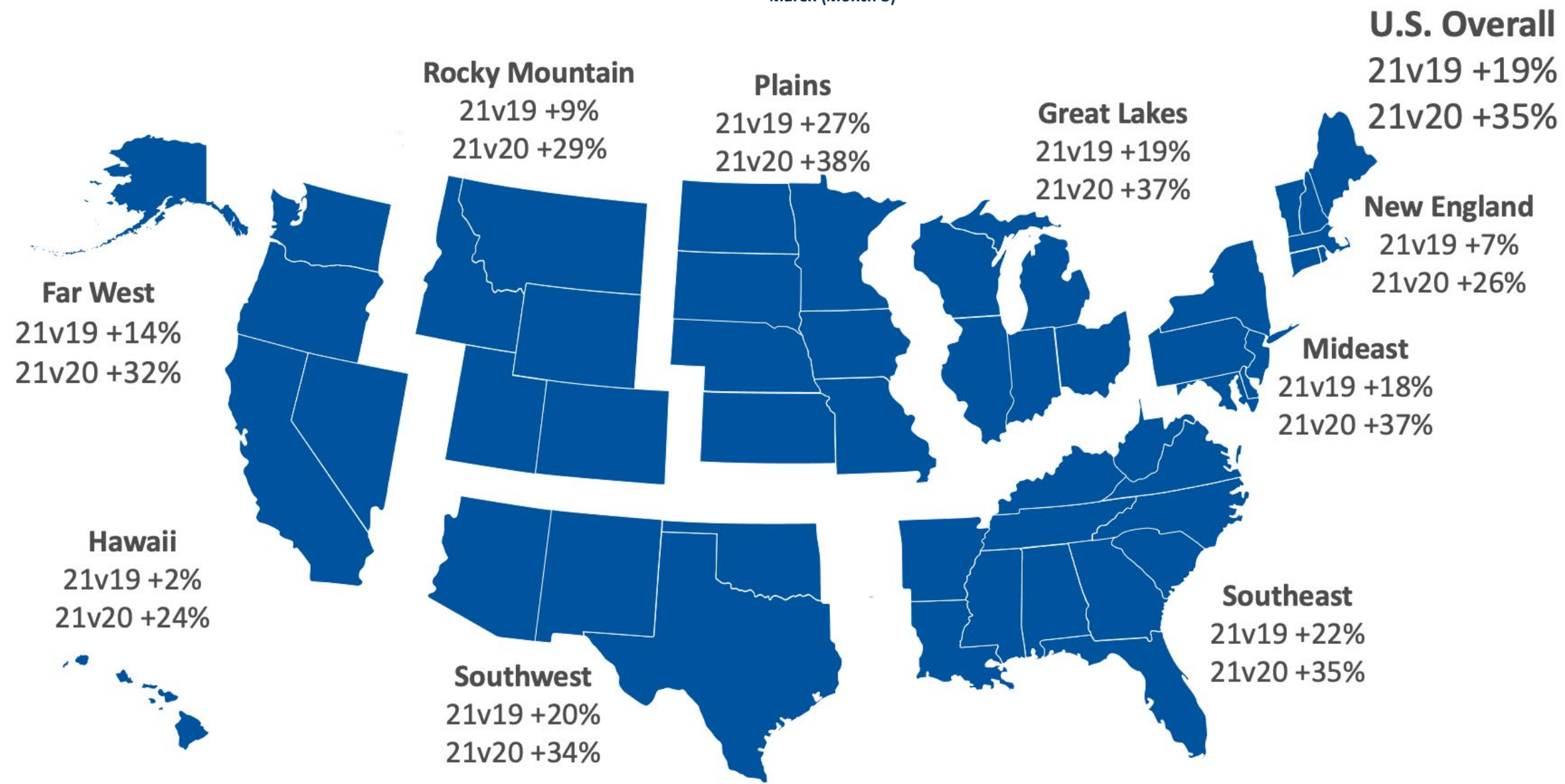


REGIONAL & STATE LEVEL PERFORMANCE

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

REGIONAL STATE LEVEL PURCHASE DOLLARS – CREDIT

March (Month 3)

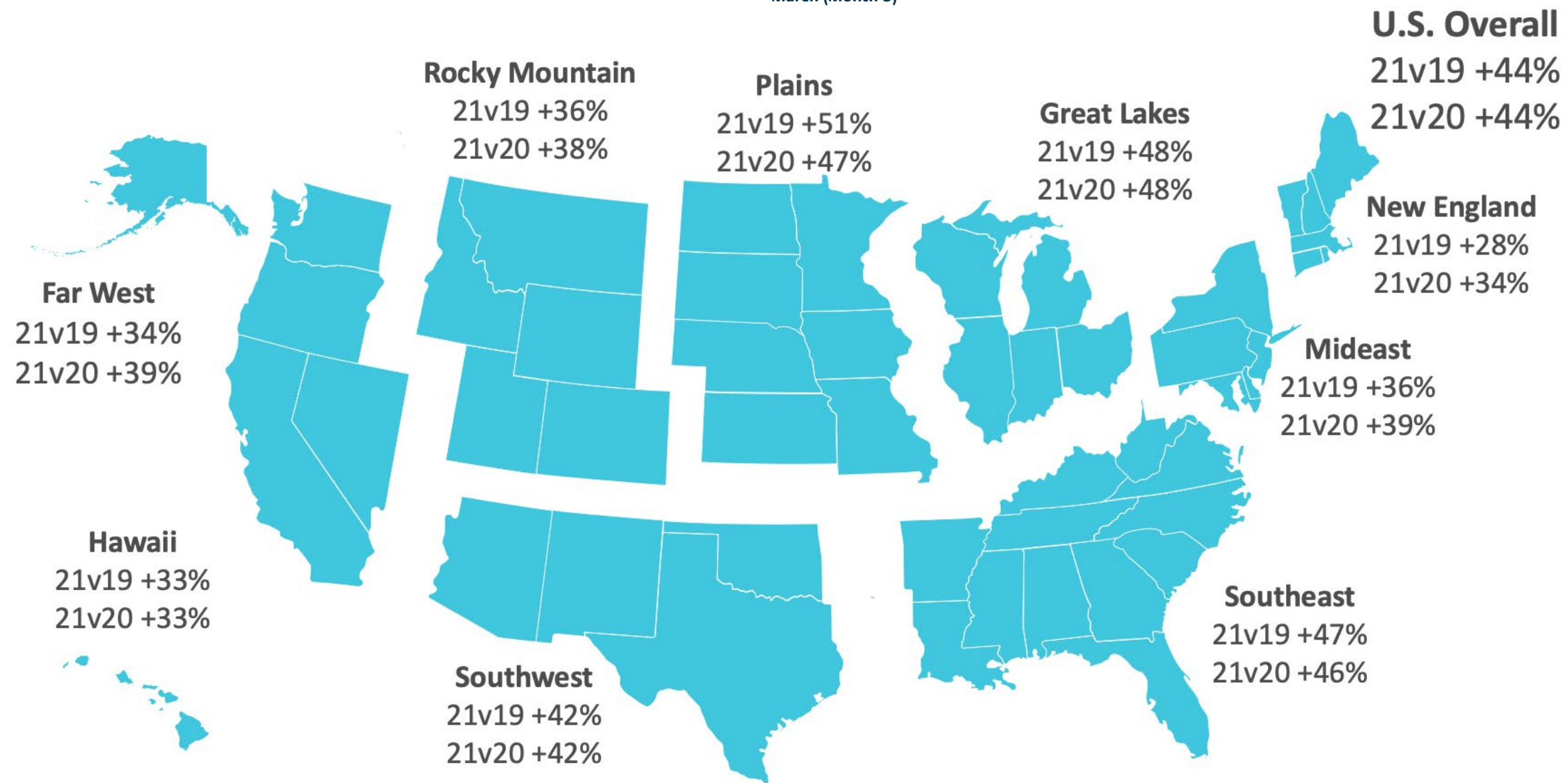


REGIONAL & STATE LEVEL PERFORMANCE

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

REGIONAL STATE LEVEL PURCHASE DOLLARS – DEBIT

March (Month 3)



MONTHLY U.S. STATE/TERRITORY USAGE FOR MONTH 3, MARCH 2021 VS 2019

The following list of U.S. states, districts and territories highlight the year-over-year changes on credit card purchases, debit card purchases and ATM transactions for PSCU Owner credit unions. This month highlights the changes for Month 3, comparing the results of 2021 to 2019. The location results refer to the home address of the member conducting the transaction, and not the location of the transaction. The output represents 'same store' transactions, so the same credit unions are in both sets of data, for both 2019 and 2020. Each month, the percentage changes are sorted from highest to lowest in their respective categories and ranked with the highest being number 1, and the lowest as number 54.

Location	Credit Purchases	Credit Rank	Debit Purchases	Debit Rank	ATM Transactions	ATM Rank
Alabama	18.0%	23	54.1%	8	2.3%	13
Alaska	31.5%	5	17.3%	51	-32.8%	50
Arizona	17.7%	26	41.9%	28	-2.8%	20
Arkansas	16.3%	30	36.2%	36	-12.7%	34
California	7.4%	47	32.7%	39	-14.7%	37
Colorado	3.6%	51	23.9%	45	-17.5%	41
Connecticut	6.5%	49	47.1%	18	-2.7%	19
Delaware	13.9%	37	37.3%	35	-15.1%	39
District of Columbia	-5.8%	54	41.3%	29	5.8%	10
Florida	26.7%	9	40.0%	31	-7.5%	29
Georgia	16.2%	31	42.4%	26	-8.3%	30
Guam	19.5%	22	39.1%	33	102.9%	1
Hawaii	2.4%	52	32.9%	38	-23.8%	47
Idaho	16.8%	29	45.6%	20	-14.8%	38
Illinois	13.3%	38	39.9%	32	-2.1%	16
Indiana	20.4%	21	48.3%	15	13.0%	7
Iowa	18.0%	24	77.6%	1	-17.6%	42
Kansas	23.8%	15	54.0%	9	18.7%	3
Kentucky	20.9%	20	54.3%	6	-7.0%	28
Louisiana	37.6%	3	48.1%	17	-4.5%	24
Maine	25.3%	12	18.0%	50	-35.5%	53
Maryland	1.6%	53	41.0%	30	-12.5%	33
Massachusetts	4.2%	50	19.0%	49	-20.4%	45
Michigan	23.1%	16	55.8%	5	-16.7%	40
Minnesota	30.4%	6	51.9%	12	-3.8%	21
Mississippi	41.6%	2	67.7%	2	3.8%	12
Missouri	14.4%	35	45.3%	24	-2.4%	18

Location	Credit Purchases	Credit Rank	Debit Purchases	Debit Rank	ATM Transactions	ATM Rank
Montana	13.0%	39	56.4%	4	14.9%	6
Nebraska	22.1%	17	9.3%	54	-20.2%	44
Nevada	7.0%	48	32.3%	40	-3.9%	22
New Hampshire	7.7%	45	29.2%	42	-18.0%	43
New Jersey	14.5%	33	26.0%	44	-26.5%	48
New Mexico	11.0%	41	49.4%	13	47.1%	2
New York	18.0%	25	20.2%	48	-33.1%	51
North Carolina	27.9%	8	37.7%	34	-14.5%	35
North Dakota	28.0%	7	45.4%	22	9.0%	8
Ohio	22.0%	18	54.2%	7	-2.1%	17
Oklahoma	14.5%	34	34.6%	37	-10.8%	32
Oregon	21.0%	19	48.1%	16	5.0%	11
Pennsylvania	26.4%	10	45.3%	23	-14.6%	36
Puerto Rico	66.7%	1	53.5%	10	0.7%	14
Rhode Island	9.6%	43	22.7%	46	-31.5%	49
South Carolina	25.6%	11	59.9%	3	-8.8%	31
South Dakota	24.8%	14	15.9%	53	-22.8%	46
Tennessee	14.6%	32	52.6%	11	-1.2%	15
Texas	24.9%	13	42.1%	27	-4.0%	23
Utah	7.6%	46	17.0%	52	-35.4%	52
Vermont	8.2%	44	21.2%	47	-39.5%	54
Virgin Islands	11.9%	40	28.9%	43	15.7%	5
Virginia	10.7%	42	48.3%	14	8.4%	9
Washington	16.9%	28	42.8%	25	-4.6%	25
West Virginia	14.1%	36	46.4%	19	-5.4%	27
Wisconsin	17.4%	27	45.5%	21	-5.2%	26
Wyoming	33.6%	4	31.6%	41	18.2%	4



ABOUT THE PSCU PAYMENTS INDEX

All credit unions included in the PSCU Payments Index dataset have been processing with PSCU from the start of 2019 through the most current week of 2021, enabling an accurate and relevant three-year same-store comparison (2019 vs. 2020 vs. 2021) for purchasing behaviors and data. In our previous weekly Transaction Insights reporting, the year-over-year comparisons were extracted from our data warehouse using the same population of credit unions, comparing each week year over year. Please note that as the Payments Index uses the same-store population across the entire three-year period, there may be slight differences in results if the Payments Index outputs are compared to past Transaction Insights reports.

ABOUT PSCU

PSCU, the nation's premier payments CUSO, supports the success of 1,500 credit unions representing more than 5.4 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.