

WELCOME TO THE PSCU PAYMENTS INDEX

In the October 2021 edition of the PSCU Payments Index, we continue to see a combination of optimism and uncertainty within the U.S. economy – and the related effects within the payments industry. With COVID-19 hospitalizations on the decline and new non-vaccine-based medicines on the horizon, consumer spending remains strong as we enter the holiday shopping season. Yet, there is increased uncertainty as labor and supply chain shortages, as well as surging fuel prices, are projected to impact ongoing economic recovery. Even as consumers appear ready to buy, they are often challenged to buy products, leading some of the biggest U.S. retailers to charter their own cargo ships to speed goods to market.

We also see the continued expansion of COVID-19 vaccinated populations and workplace vaccine mandates. Pfizer is seeking Emergency Use Authorization (EUA) approval to vaccinate children between 5 and 11, while the FDA approved the EUA of a [booster dose of the Pfizer vaccine](#) on Sept. 22 for certain adult populations. It is anticipated that similar requests from Moderna and Johnson & Johnson will be forthcoming. As of Oct. 15, the [CDC reported](#) that approximately 21% of the U.S. adult population remains unvaccinated, while nearly 79% have had at least one dose and 68% are fully vaccinated against COVID-19. In one of the most adversely impacted sectors in the U.S. economy, many U.S.-based airlines have enacted vaccine mandates for their staff.

This month, we present a deep dive into credit card delinquencies, which have declined throughout the pandemic, aided by government stimulus funds. We hope that the insights from this new Payments Index, along with the included demographic and credit score data, help our financial institutions continue to make informed decisions as we approach the holiday season.

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

MONTHLY PERFORMANCE

September performance indicated consumer spending remains strong, with a slight acceleration in credit card purchases. Consumer goods remained the top growth sector in September, with credit card purchases up 41% and debit card purchases up 44% compared to 2019. Even compared to 2020, when consumers channeled more disposable income into the Goods sector, debit purchases were up 12% and credit purchases were up 6%. As global supply chain disruptions are projected to worsen, the weakest link may be a [shortage of truck drivers](#), likely resulting in consumers facing limited choices and higher prices this holiday shopping season.

According to [data released](#) by the Labor Department on Oct. 13, the Consumer Price Index (CPI) increased 0.1% in September, remaining elevated at 5.4%. Citing supply chain disruptions and weakening consumption, [the IMF reduced the 2021 U.S. growth forecast](#) by one percentage point to 6% and the 2022 growth forecast remains unchanged.

For September 2021, the Bureau of Labor Statistics (BLS) [reported](#) on Oct. 8

the unemployment rate dropped by 0.4 percentage points to 4.8%. Job creation for September was 194,000, far below the anticipated September number, especially with the ending of the supplemental unemployment benefits. The BLS report shows that the [U.S. workforce actually shrank](#), with [4.3 million quitting](#) their jobs in August. The Department of Labor [reported](#) new claims for unemployment benefits dropped by 38,000, finishing at 326,000 for the week ending Oct. 2.

Following Hurricane Ida in early September, there were concerns in the states affected by the storm over the availability of gasoline, but supply slowly returned to satisfy demand. The bigger concern now is the overall rise in gasoline prices across the United States. Both higher prices for crude oil, now over \$80 per barrel, and increased demand have pushed the national average to over \$3 per gallon. In September, gasoline purchases at Automated Fuel Dispensers (AFDs) were up 30% for credit and 25% for debit compared to September 2019. Compared to 2020, when there was far less demand for gasoline and crude fell [below \\$0 per barrel](#), credit purchases were up 68% and debit purchases were up 52%.

OVERALL PERFORMANCE

September (Month 9)

PURCHASES

2021 VS. 2019



2021 VS. 2020



2020 VS. 2019



TRANSACTIONS

2021 VS. 2019



2021 VS. 2020



2020 VS. 2019



KEY TAKEAWAYS

- Consumer spending remained strong for both credit and debit purchases, while concurrent declines were reported in the September [Consumer Confidence Index](#), dropping for the fourth consecutive month.
- Inflation remains elevated as the CPI-U for September increased slightly to 5.4% year over year, representing an increase from the August result by 0.1%. This is a 13-year high, with notable increases in [food, shelter, new car prices and home furnishings](#).
- Finding staff remains a top concern. The unemployment rate fell to 4.8% in September, with strong growth in wages as data shows available workers are being paid a premium. The economy grew by 194,000 jobs in September, far less than what was anticipated and fewer than the 366,000 added in August.
- Credit card delinquencies have declined through the COVID-19 pandemic, influenced by the three stimulus/recovery payments, and are now 61 basis points lower than 2019 pre-pandemic delinquency rates. The September 2021 overall credit card delinquency rate was 1.30% and has been slowly rising since June.
- Consumer credit scores are on the rise. Aided by lower credit card balances and lower credit card delinquencies, overall FICO credit scores for our fixed population for September 2021 was 737, seven points higher than pre-pandemic September 2019. Younger demographics benefitted most from the improvement, with Younger Millennials (25-32 year-olds) posting a 12-point improvement compared to September 2019 at an average credit score of 705.
- Amazon has officially started the [holiday shopping season](#) with sales beginning on October 4 – even earlier than 2020, when Amazon’s Prime Days sale shifted from the summer to October 13-14. Other retailers are following suit, influenced by [continued supply chain shortages for both labor and products](#), as they hope to boost holiday sales in an economic environment with elevated consumer liquidity.



Consumer spending remained strong throughout September, once again adapting to the changing environment despite continued declines in consumer confidence. As we have been reporting on the drop in credit card balances, we now look at credit card delinquencies in this

month’s Deep Dive, where notable declines have coincided with government stimulus payments throughout the pandemic. While still currently well below pre-pandemic levels, overall delinquency rates tend to increase historically toward year end. We will continue to closely monitor additional impacts of the sunset of most forbearance accommodations, as well as spending trends as we begin the holiday shopping season.

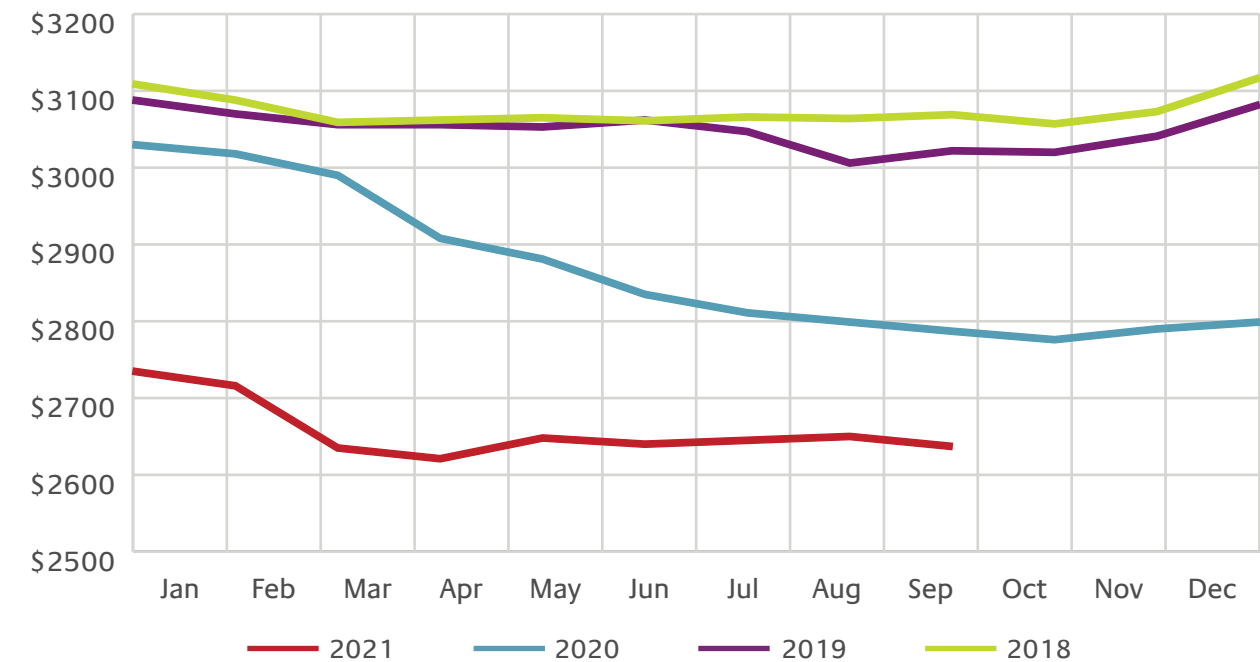
— *Jack Lynch, SVP, Chief Risk Officer and President, CU Recovery*

CREDIT CARD ACCOUNT BALANCES

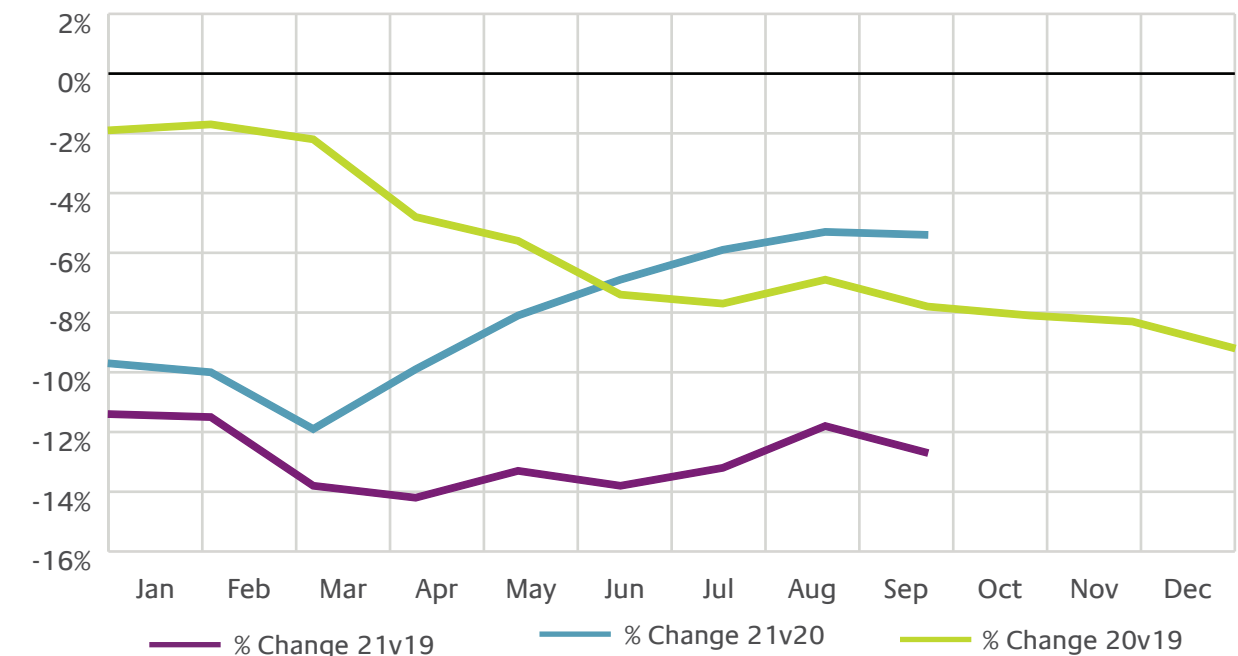
Average credit card account balances (for our same-store population) held steady for September 2021 with just a 0.5% decrease. We expect to see seasonal balance increases begin in October with the earlier start of the holiday shopping season and further influenced by supply chain concerns. Additional findings of note in PSCU's same-store population include:

- The average credit card balance per gross active account was \$2,637, down \$13 from August 2021.
- Year-over-year average credit card account balances (September 2021 vs. September 2020) dropped 5%, or \$150.
- Compared to August 2019, average credit card account balances dropped 13%, or \$384.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT
September (Month 9)



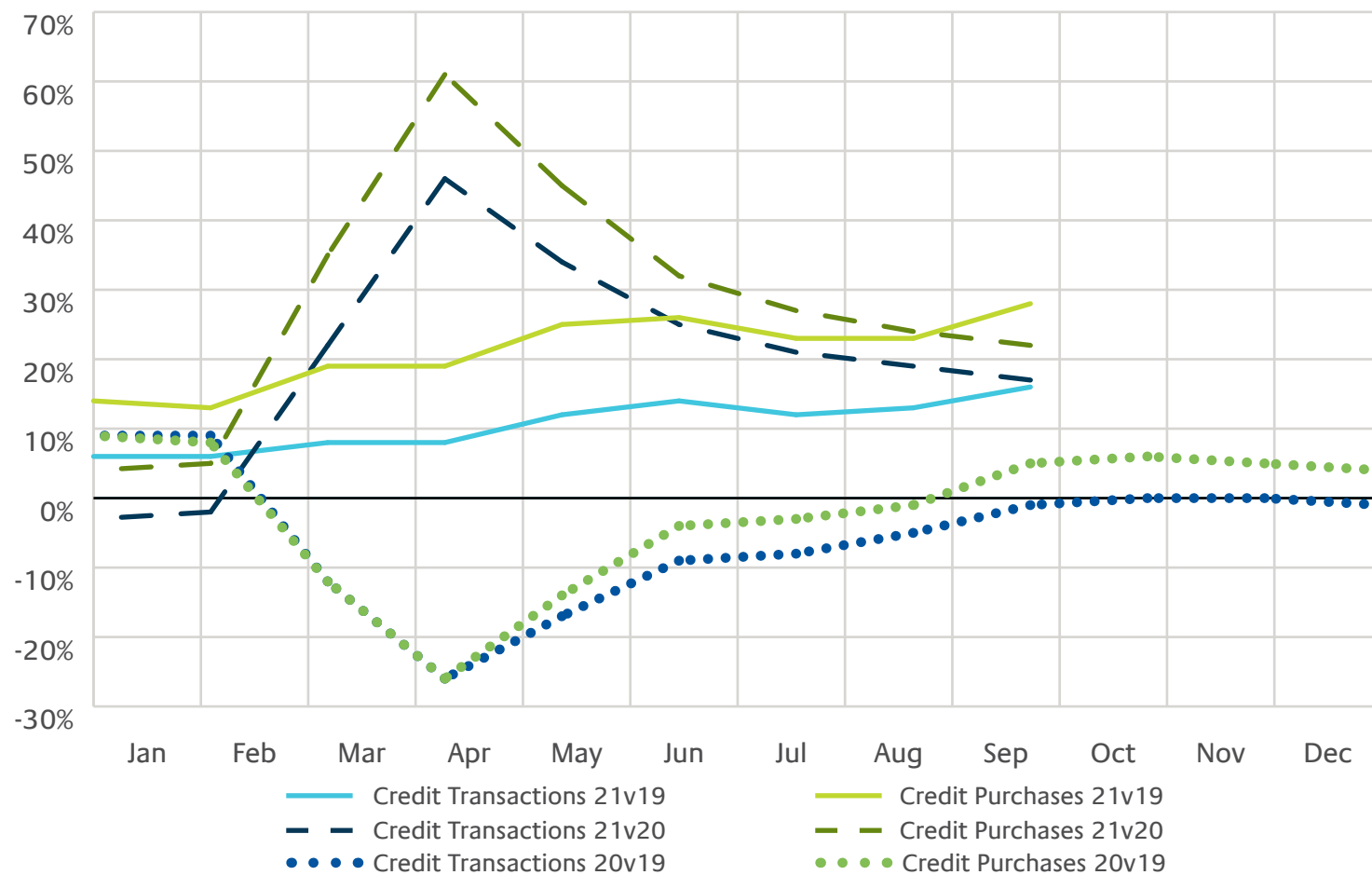
PERCENTAGE CHANGE IN AVERAGE CREDIT CARD BALANCES
September (Month 9)



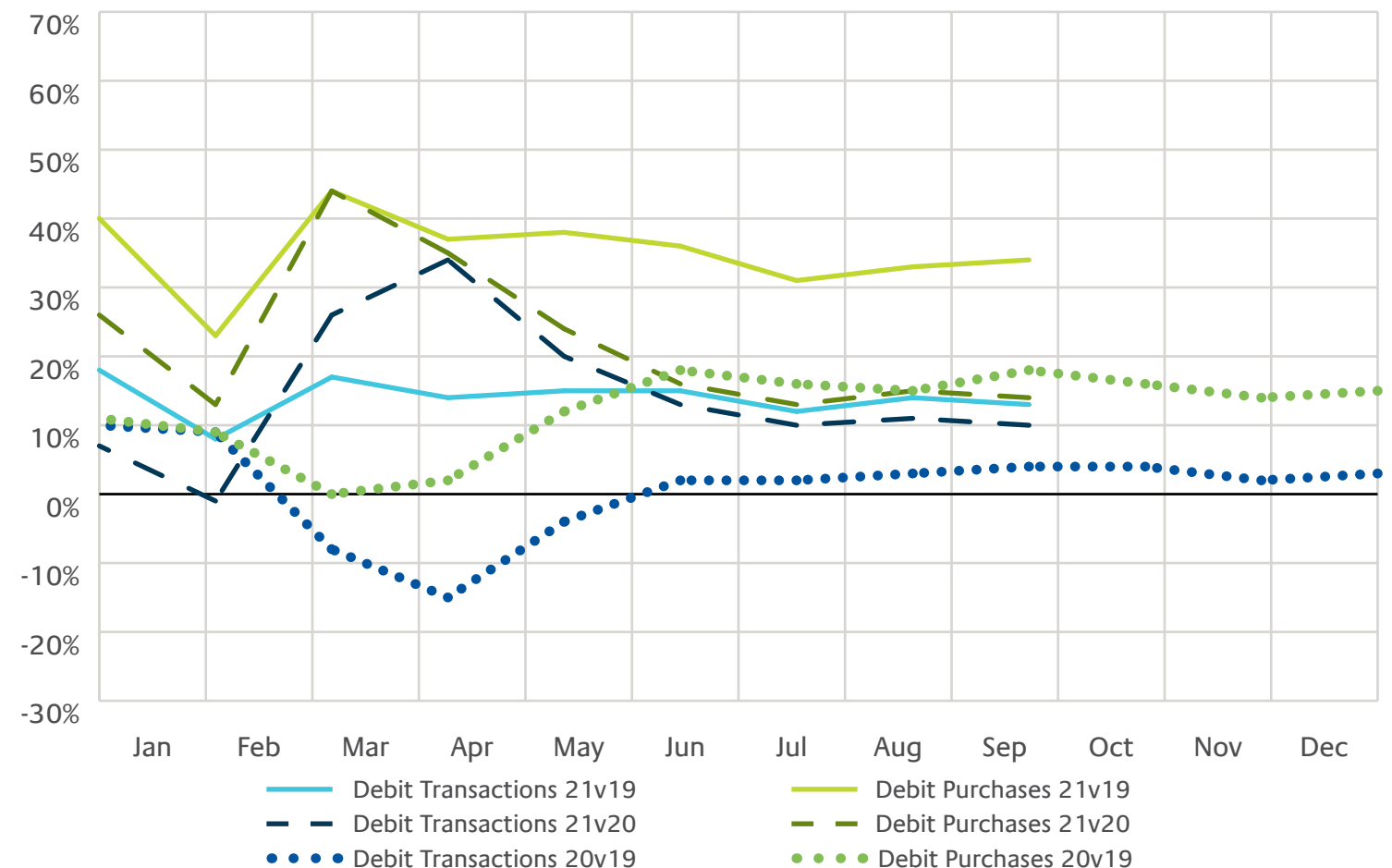
CREDIT AND DEBIT CARDS

Overall consumer spending has been steady throughout the summer months in both credit and debit card payments. In September 2021, credit purchases were up 28% and debit purchases were up 34% compared to September 2019. As PSCU has reported over the past 19 months, the rebound to pre-pandemic spending patterns continues to vary by card product and sector, with some improving to historic levels and others still elevated from pre-pandemic levels. With the ending of most of the COVID-related governmental stimulus/recovery benefits, consumer liquidity that was amassed over the course of the pandemic has begun to deplete and growth rates in credit usage are expected to begin outpacing debit card growth rates.

CREDIT ACTIVITY
September (Month 9)



DEBIT ACTIVITY
September (Month 9)

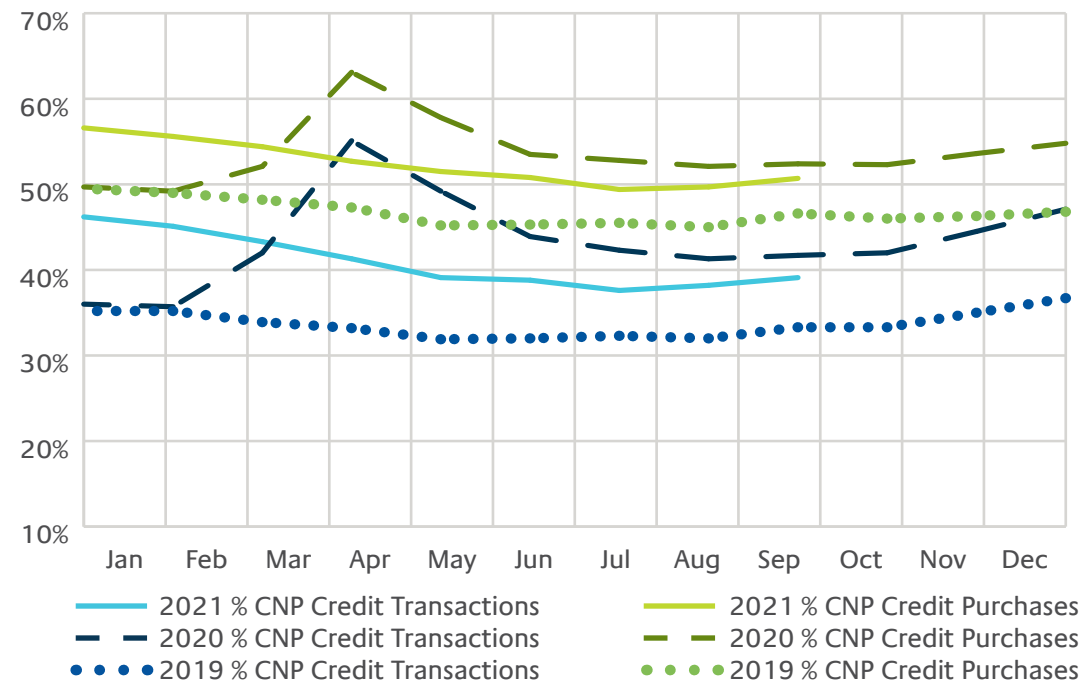


CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

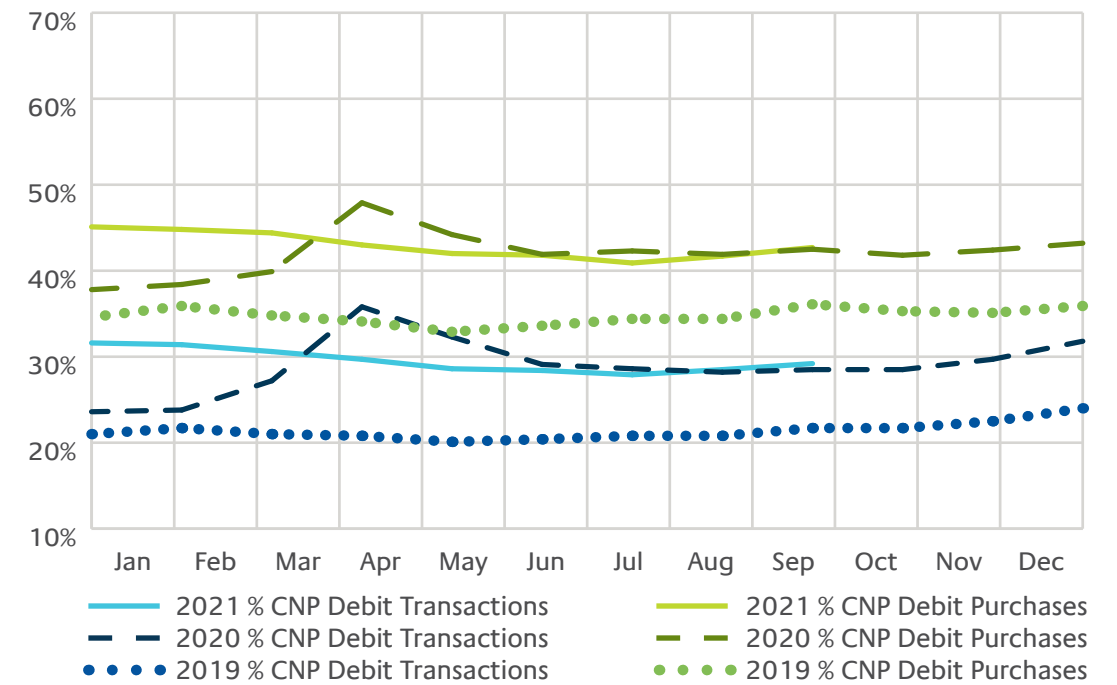
September 2021 Card Not Present (CNP) credit purchases represented 51% of all purchases, up four percentage points from September 2019. CNP debit purchases represented 43% of overall debit purchases in September 2021, up seven percentage points from September 2019.

We continue to see increases in Card Present (CP) activity, with CP credit transactions for September 2021 up 23% compared to 2020 and up 6% compared to 2019. CP debit transactions were up 8% for September 2021 compared to 2020 and up 3% compared to 2019.

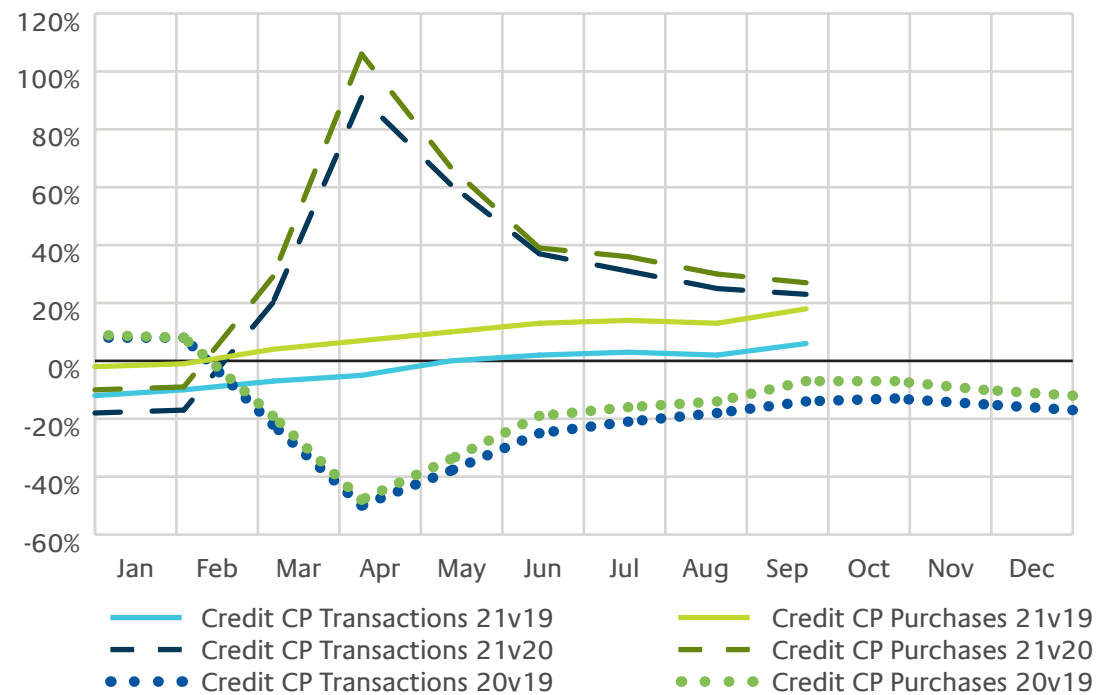
% CREDIT ACTIVITY CNP
September (Month 9)



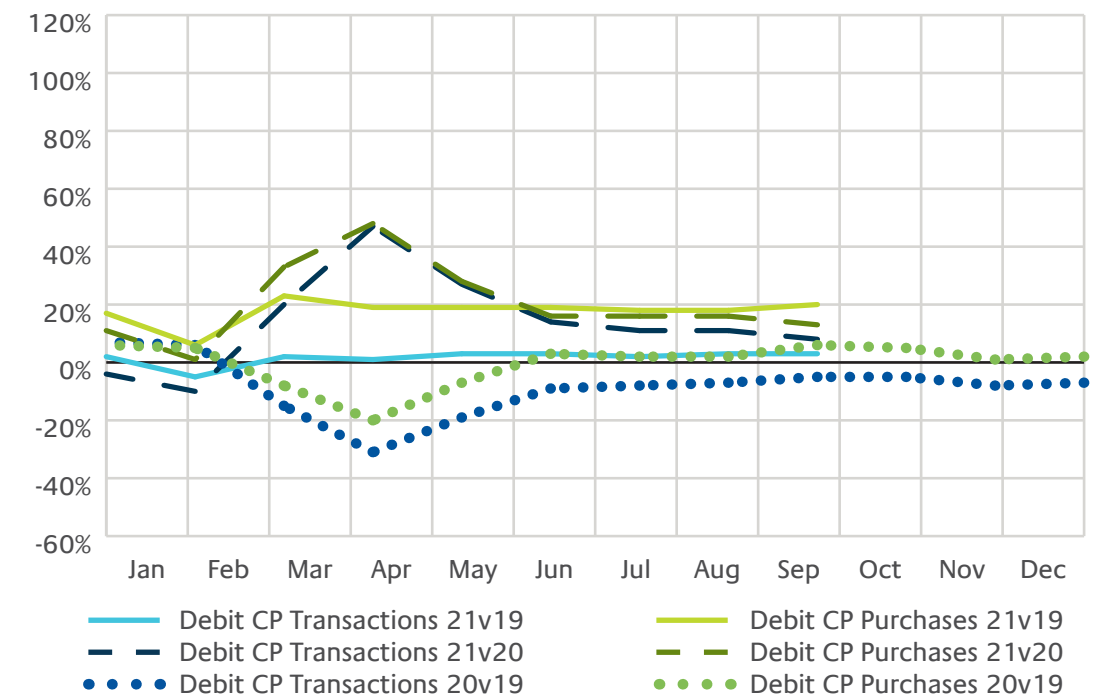
% DEBIT ACTIVITY CNP
September (Month 9)



% CHANGE IN CP CREDIT ACTIVITY
September (Month 9)



% CHANGE IN CP DEBIT ACTIVITY
September (Month 9)

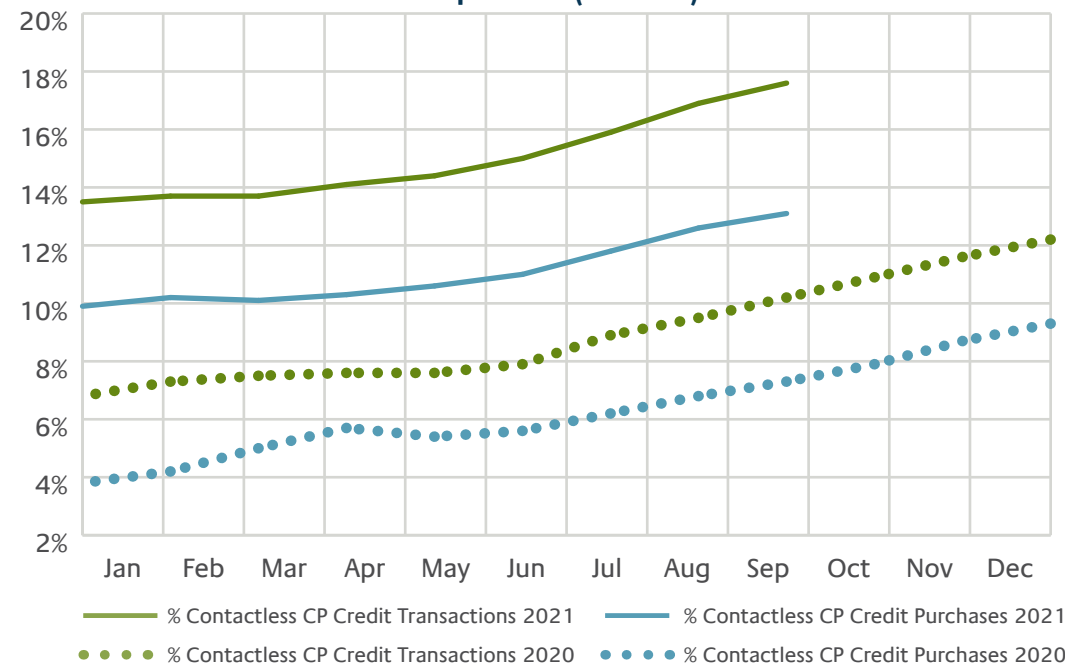


CONTACTLESS TRANSACTIONS

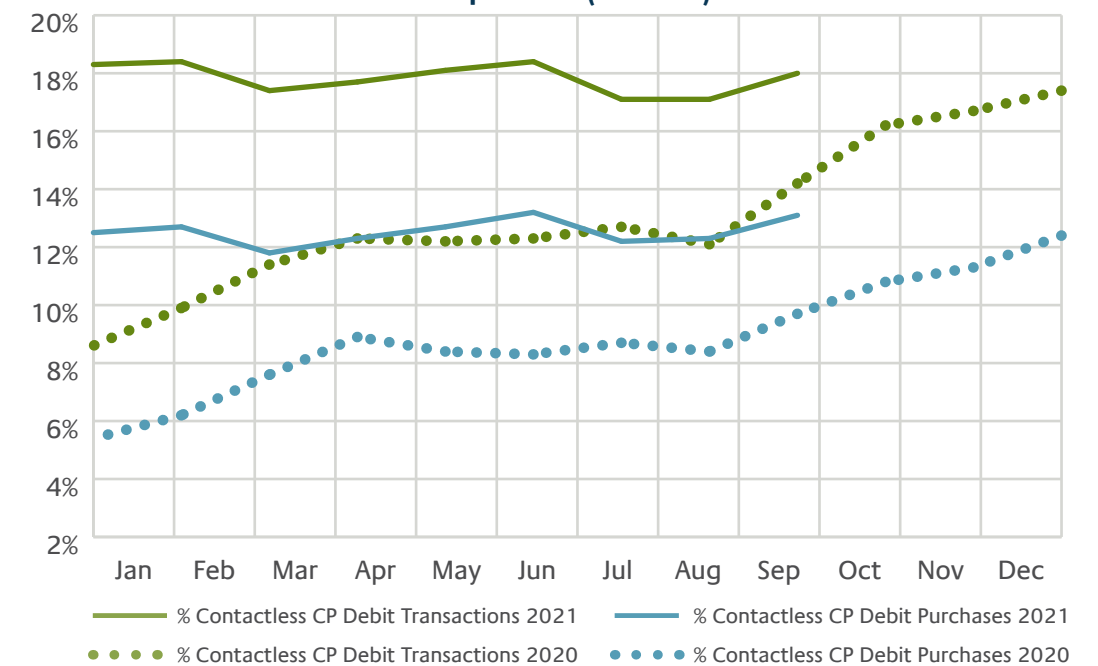
Usage of contactless cards continues to grow. In September 2021, contactless tap-and-go credit transactions were 18% of total Card Present volume, compared to 10% in September 2020. For debit, contactless tap-and-go transactions also remained strong at 18% in September 2021, compared to 14% in September 2020.

As contactless transactions have continued to replace cash for smaller purchases, the average contactless purchase remains well below the non-contactless card purchase. For September 2021, the average credit contactless purchase was \$42.32 and the average debit contactless purchase was \$23.83.

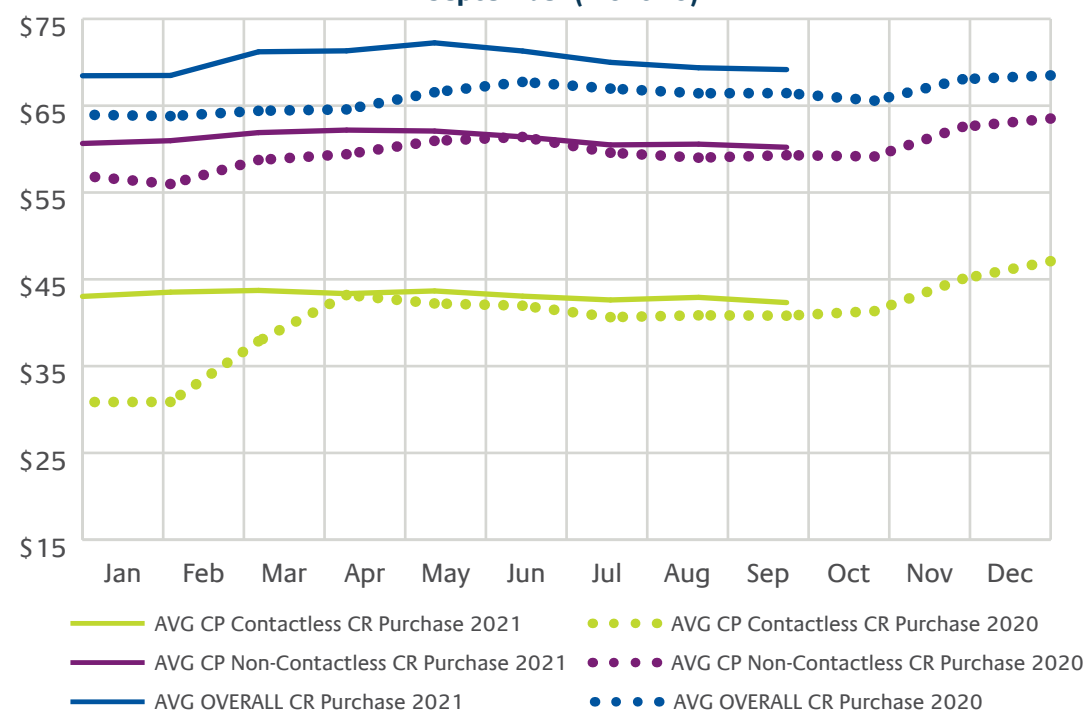
CONTACTLESS CREDIT ACTIVITY September (Month 9)



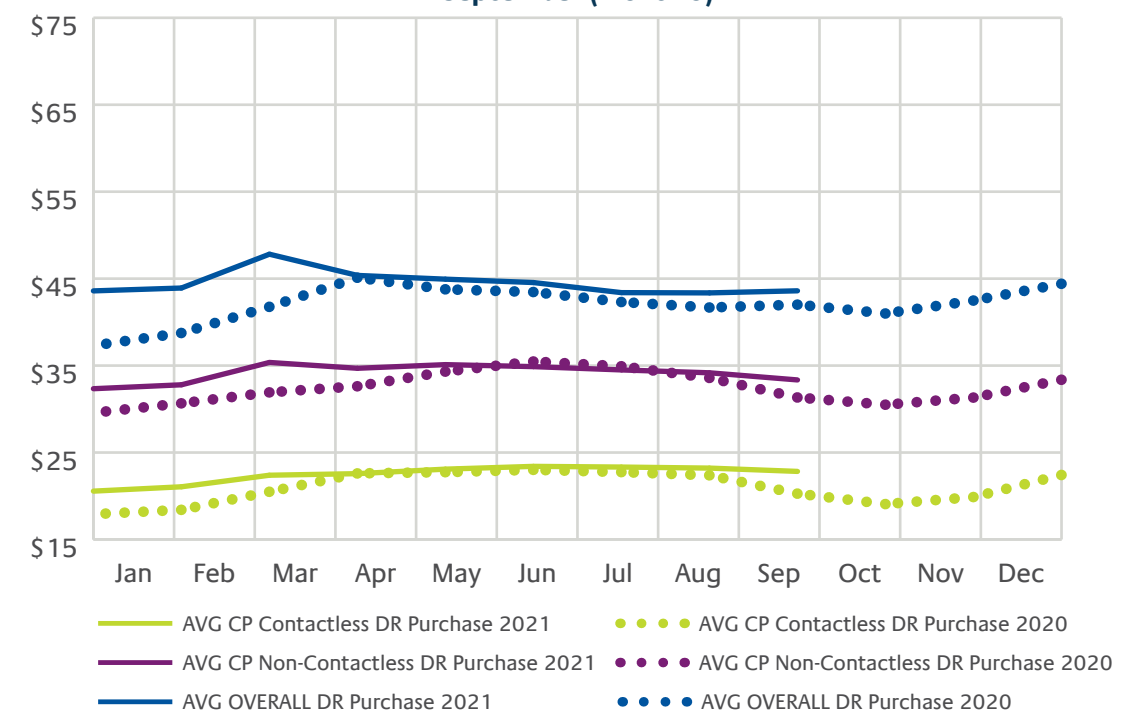
CONTACTLESS DEBIT ACTIVITY September (Month 9)



CONTACTLESS CREDIT AVERAGE PURCHASE September (Month 9)



CONTACTLESS DEBIT AVERAGE PURCHASE September (Month 9)



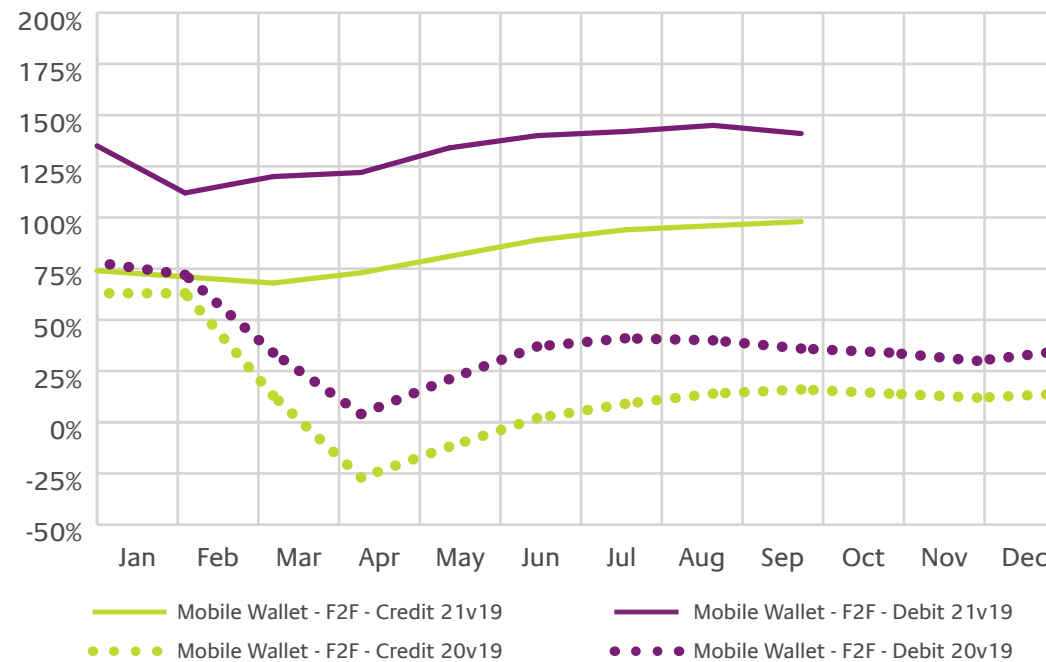
MOBILE WALLETS

Mobile Wallet usage has continued to rise since the start of 2021, with the number of transactions gradually increasing each month and debit showing the most notable activity.

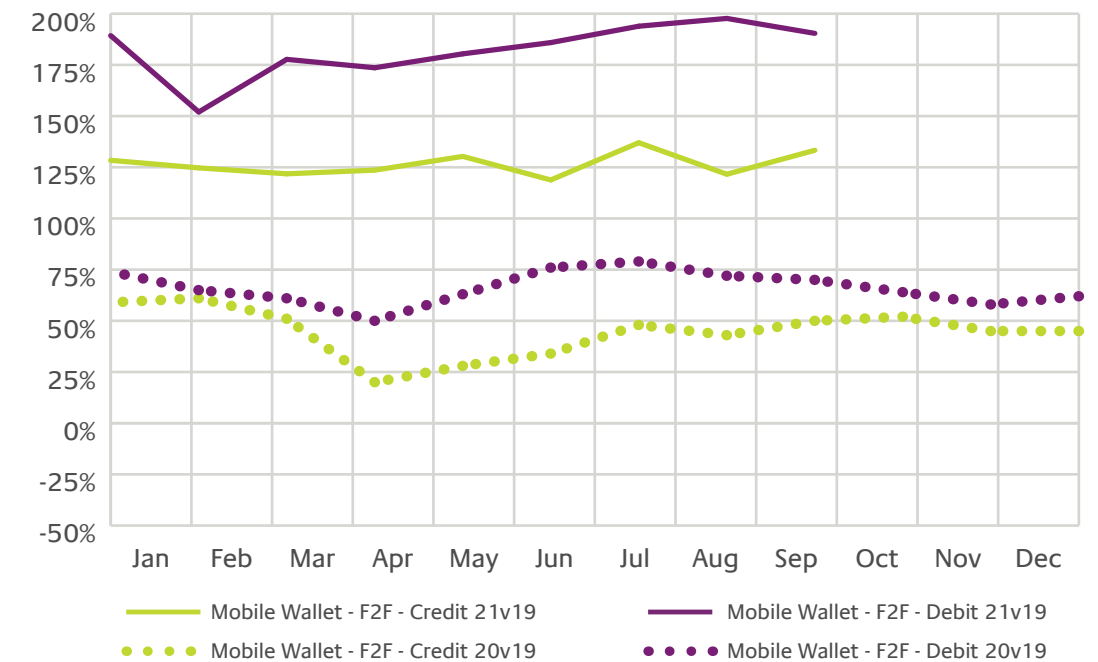
Mobile Wallet credit transaction volume has remained strong, finishing up 98% in September 2021 compared to September 2019, reflecting two years of growth. Although credit purchase dollars dipped slightly from last month's growth, performance was still strong at +133% compared to 2019. The average Mobile Wallet credit purchase increased by \$4.61, up 18%, to \$30.62 in September 2021 compared to September 2019.

For Mobile Wallet debit activity, year-over-year growth in transaction volume has grown by 141% for September 2021 compared to 2019 and Mobile Wallet debit purchases increased by 190% over the same period. The average Mobile Wallet debit purchase increased by \$2.99, up 21% to \$17.54 in September 2021 compared to September 2019.

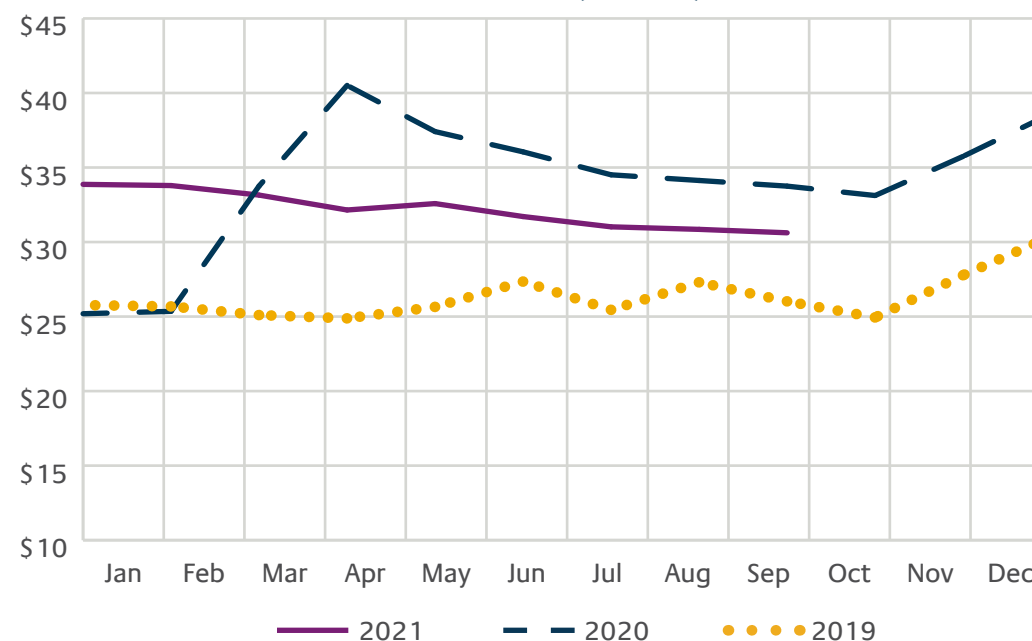
MOBILE WALLET TRANSACTIONS (2019 BASELINE)
September (Month 9)



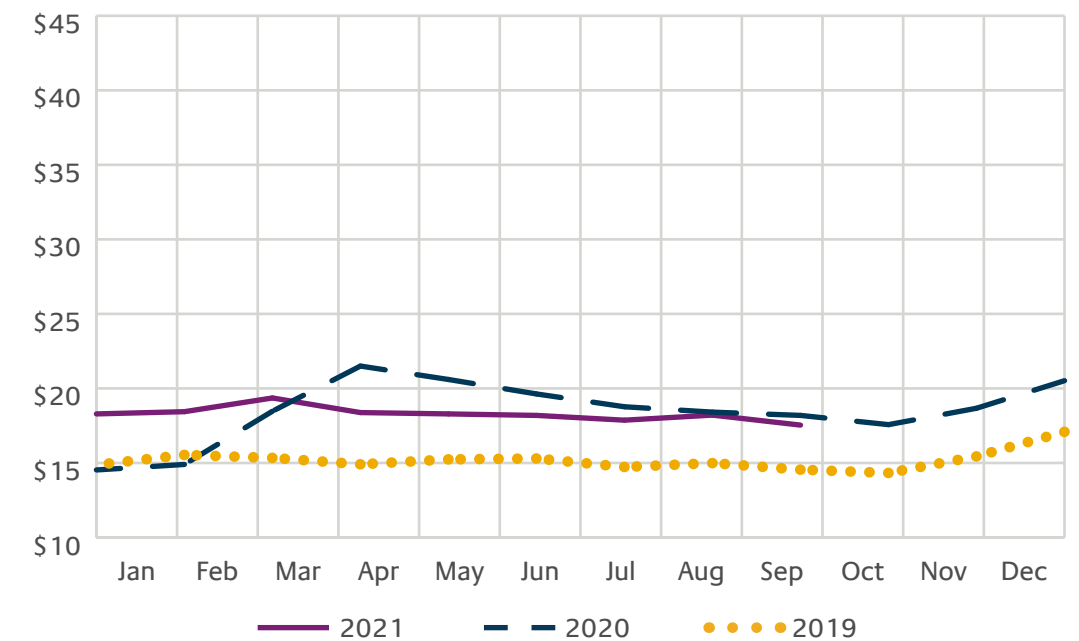
MOBILE WALLET PURCHASES (2019 BASELINE)
September (Month 9)



MOBILE WALLET CREDIT AVERAGE PURCHASE
September (Month 9)



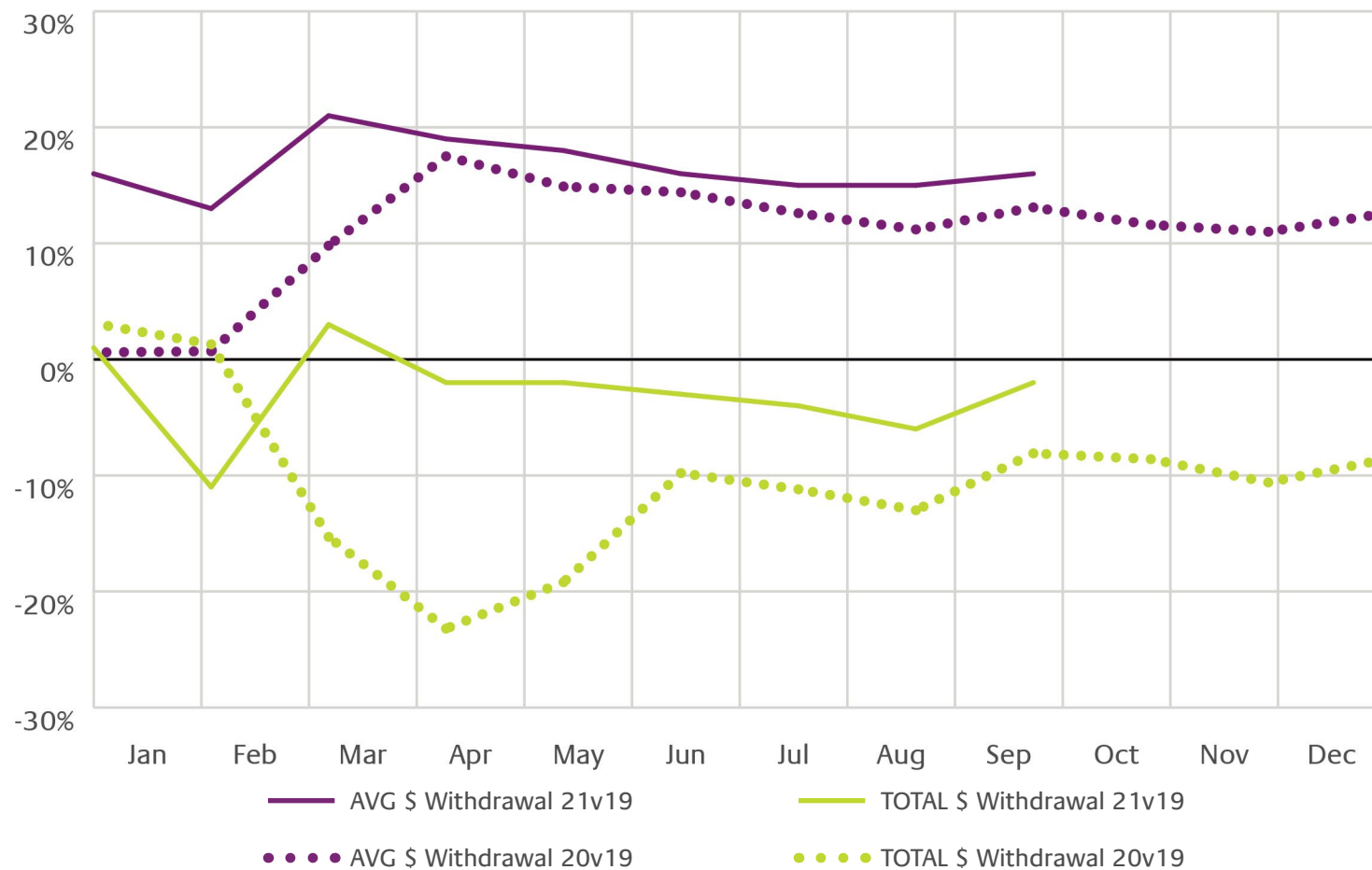
MOBILE WALLET DEBIT AVERAGE PURCHASE
September (Month 9)



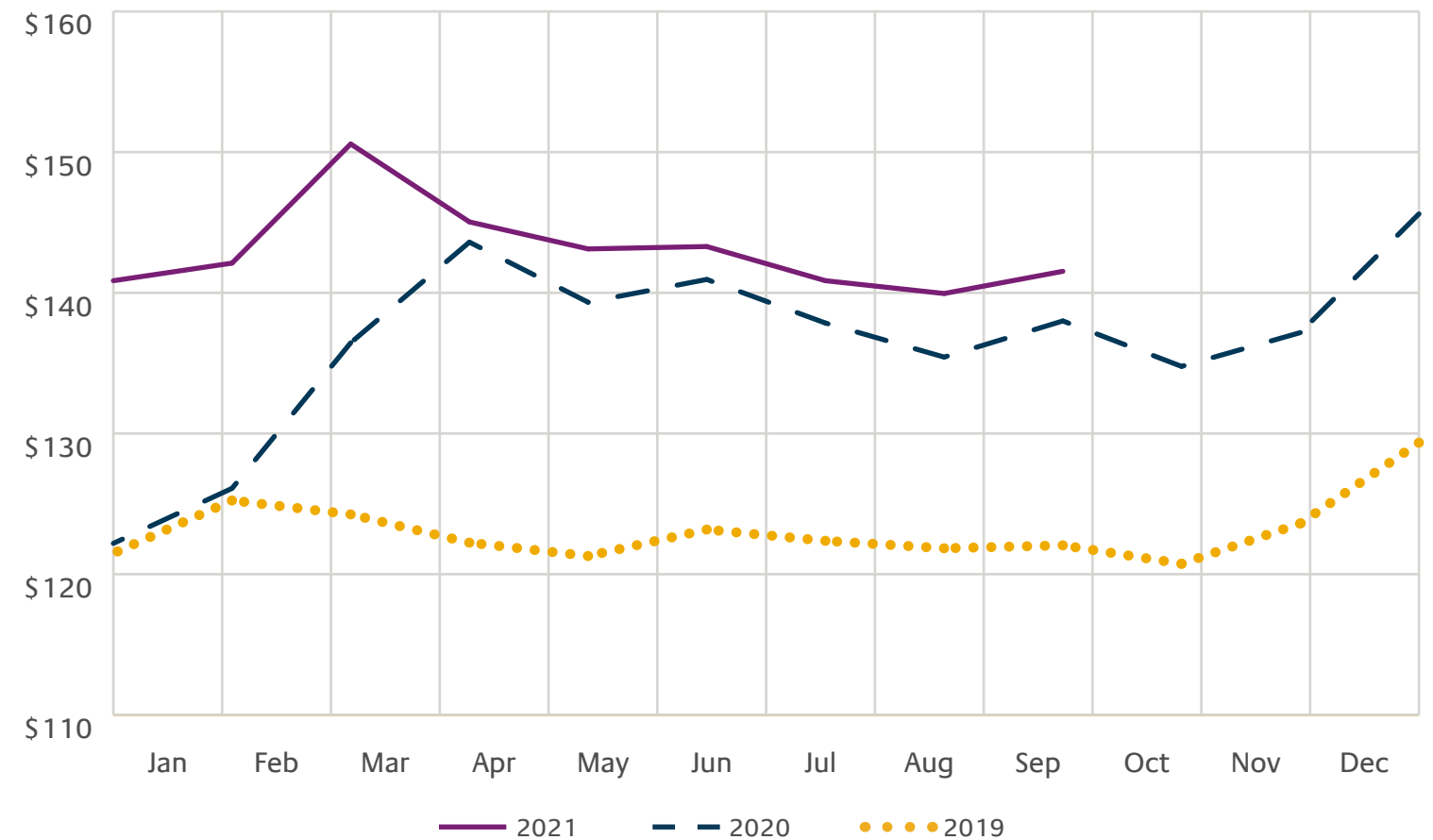
ATM

While ATM transaction volume remains low, we continue to see an increase in the average amount withdrawn per transaction. For September 2021, total cash withdrawn remained below the baseline levels of September 2019 by 2%, but was above September 2020 levels by 6%. The average monthly cash withdrawn was close to September 2020 levels, finishing up 3% at \$142, which was 16% higher than average ATM cash withdrawn in September 2019.

ATM MONTHLY WITHDRAWALS (2019 BASELINE)
September (Month 9)



AVERAGE ATM WITHDRAWAL
September (Month 9)



SECTORS/MERCHANT CATEGORIES

For credit purchases, Travel again remained the only sector below 2019 levels for September, finishing just under the pre-pandemic timeframe at -5%. Purchases remain down in the Airline sector by 28% compared to September 2019. Car Rentals and Hotel credit purchases were up compared to 2019 by 16% and 4%, respectively. Entertainment, Travel and Gasoline had the largest increases in credit purchases compared to September 2020, as year-over-year credit purchases were up for September 2021 by 92%, 86% and 59%, respectively.

For debit purchases, every sector remained above its respective 2019 baseline for September 2021 results, with the biggest increases in the Goods (+44%) and Services (+33%) sectors. Compared to September 2020, the largest percentage increases in debit purchases were in Entertainment (+74%), along with Gasoline and Travel (each up 36%).



DRUG STORES September (Month 9)

	Credit	Debit
2021 v 2019	19%	10%
2021 v 2020	13%	5%
2020 v 2019	4%	3%



ENTERTAINMENT September (Month 9)

	Credit	Debit
2021 v 2019	11%	37%
2021 v 2020	92%	74%
2020 v 2019	-49%	-31%



GASOLINE September (Month 9)

	Credit	Debit
2021 v 2019	32%	26%
2021 v 2020	59%	36%
2020 v 2019	-18%	-8%



GOODS September (Month 9)

	Credit	Debit
2021 v 2019	41%	44%
2021 v 2020	12%	6%
2020 v 2019	18%	27%



GROCERIES September (Month 9)

	Credit	Debit
2021 v 2019	27%	10%
2021 v 2020	7%	0%
2020 v 2019	14%	10%



RESTAURANTS September (Month 9)

	Credit	Debit
2021 v 2019	28%	28%
2021 v 2020	45%	20%
2020 v 2019	-24%	-3%



SERVICES September (Month 9)

	Credit	Debit
2021 v 2019	30%	33%
2021 v 2020	19%	17%
2020 v 2019	12%	18%



TRAVEL September (Month 9)

	Credit	Debit
2021 v 2019	-5%	15%
2021 v 2020	86%	36%
2020 v 2019	-52%	-25%



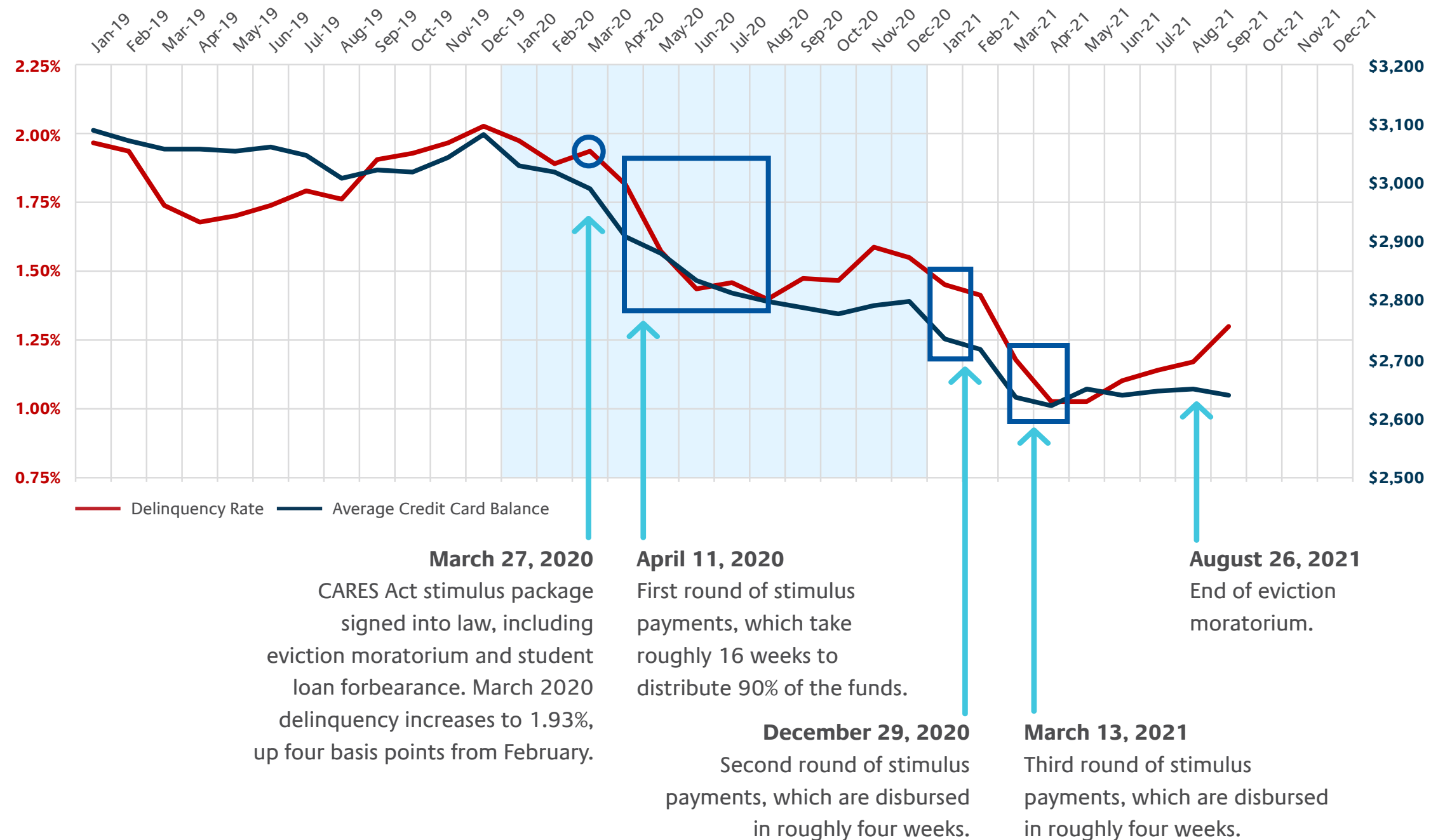
UTILITIES September (Month 9)

	Credit	Debit
2021 v 2019	22%	28%
2021 v 2020	14%	10%
2020 v 2019	11%	21%

DEEP DIVE: DELINQUENCIES

As we have reported on the drop in credit card balances throughout the pandemic, credit card delinquency rates have accordingly seen a notable decline. The drop in delinquency was fueled by the three COVID-19 stimulus payments over the past 18 months. The delinquency percentage (credit card balances that are two or more cycles past due divided by total credit card balances) for the month of September 2021 was 1.30%, which is 61 basis points lower than September 2019 (1.91%) in a pre-pandemic environment.

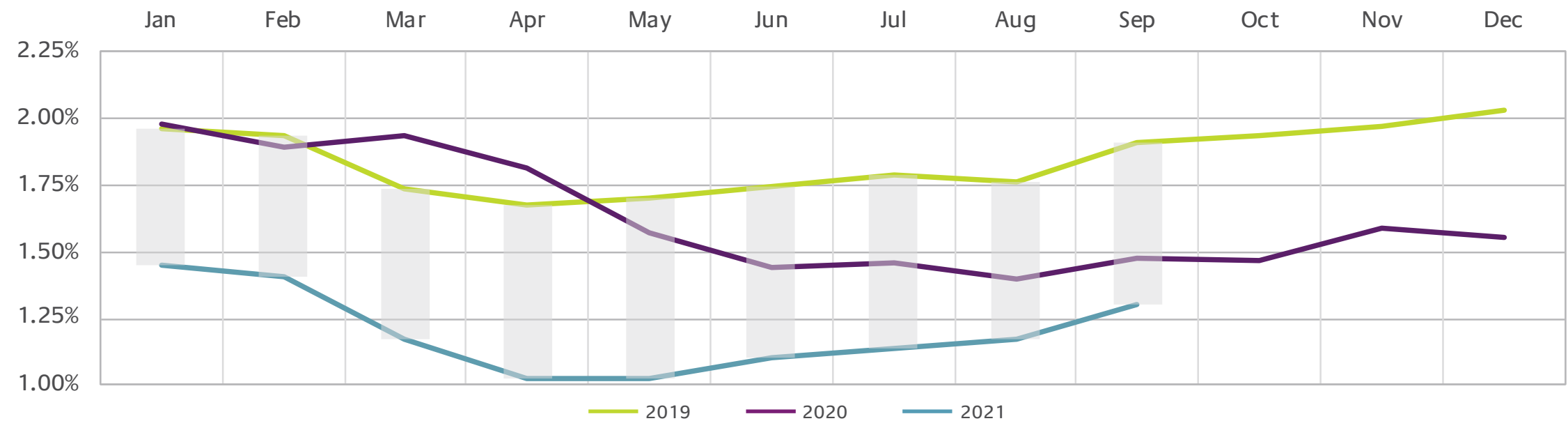
DELINQUENCIES AND AVERAGE CREDIT CARD BALANCES
September (Month 9)



The monthly (auto-regressive) pattern for the 2021 delinquency rate moves similarly to 2019, and was lower by 51 basis points when compared to the start of 2021. This gap widened to 67 basis points lower after the third government stimulus payment and finished September 2021 down 61 basis points, all compared to 2019 results. Based on historic seasonality, we expect the overall delinquency rate to increase through the end of the year. However, since this measure has been artificially suppressed through increased consumer liquidity, it will be important to watch for the closing of the 60-basis-point gap in comparing to 2019 monthly performance, especially with the sunset of most forbearance accommodations.

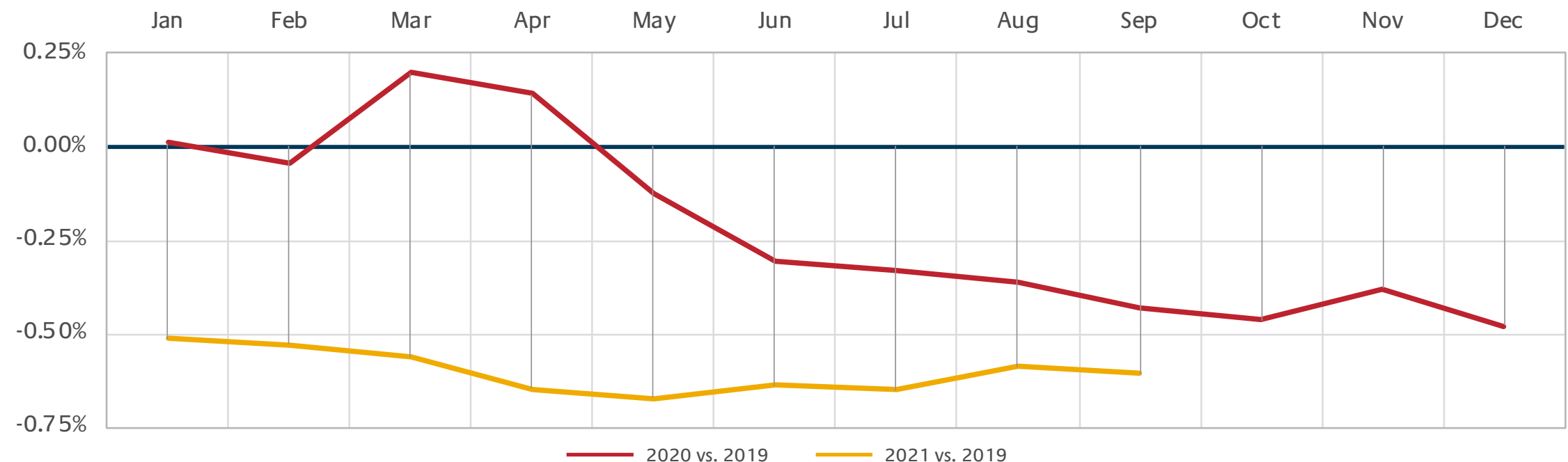
OVERALL CREDIT CARD DELINQUENCY RATE

September (Month 9)



DIFFERENCE IN CREDIT CARD DELINQUENCY RATES COMPARED TO 2019

September (Month 9)

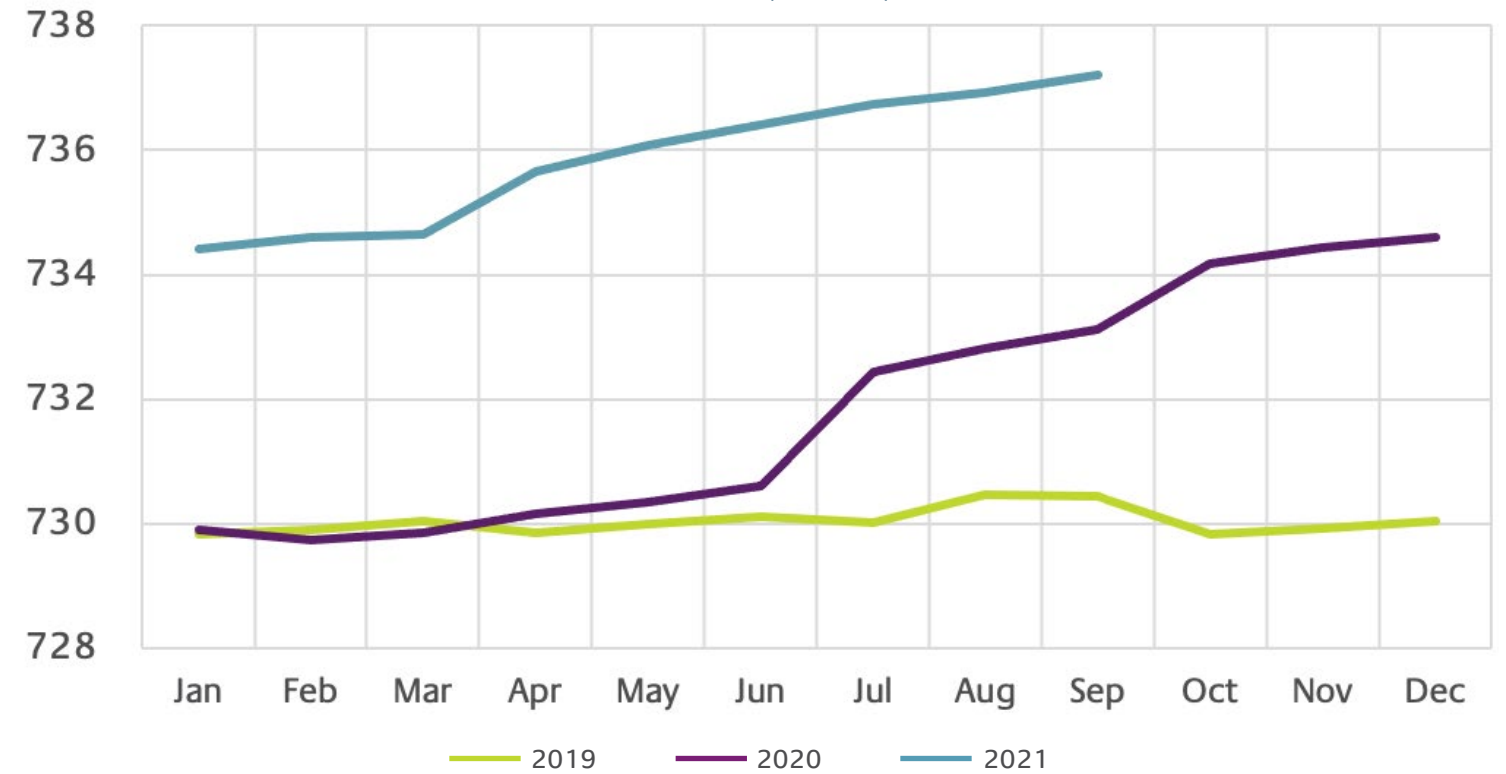




In reviewing delinquency results by age demographic, it's not a surprise that older consumers generally have lower overall delinquency rates for their respective demographics. The youngest adult population, Gen Z (ages 18 to 24), had a delinquency rate of 3.73% for September 2021, which was 123 basis points lower than September 2019 for this sub-segment. The oldest adult population, Baby Boomer + (ages 57 and older), had a delinquency rate of 0.97% for September 2021, which was 40 basis points lower than September 2019.

Influenced by lower delinquencies and lower average credit card balances, consumer credit scores are on the rise. Overall average FICO credit score for our same-store population is 737, seven points higher than pre-pandemic September 2019. The age demographic most benefitting from the improvement is Younger Millennials (25 to 32 year olds), posting a 12-point improvement compared to September 2019 with a 705 FICO score.

OVERALL FICO CREDIT SCORES BY MONTH
September (Month 9)



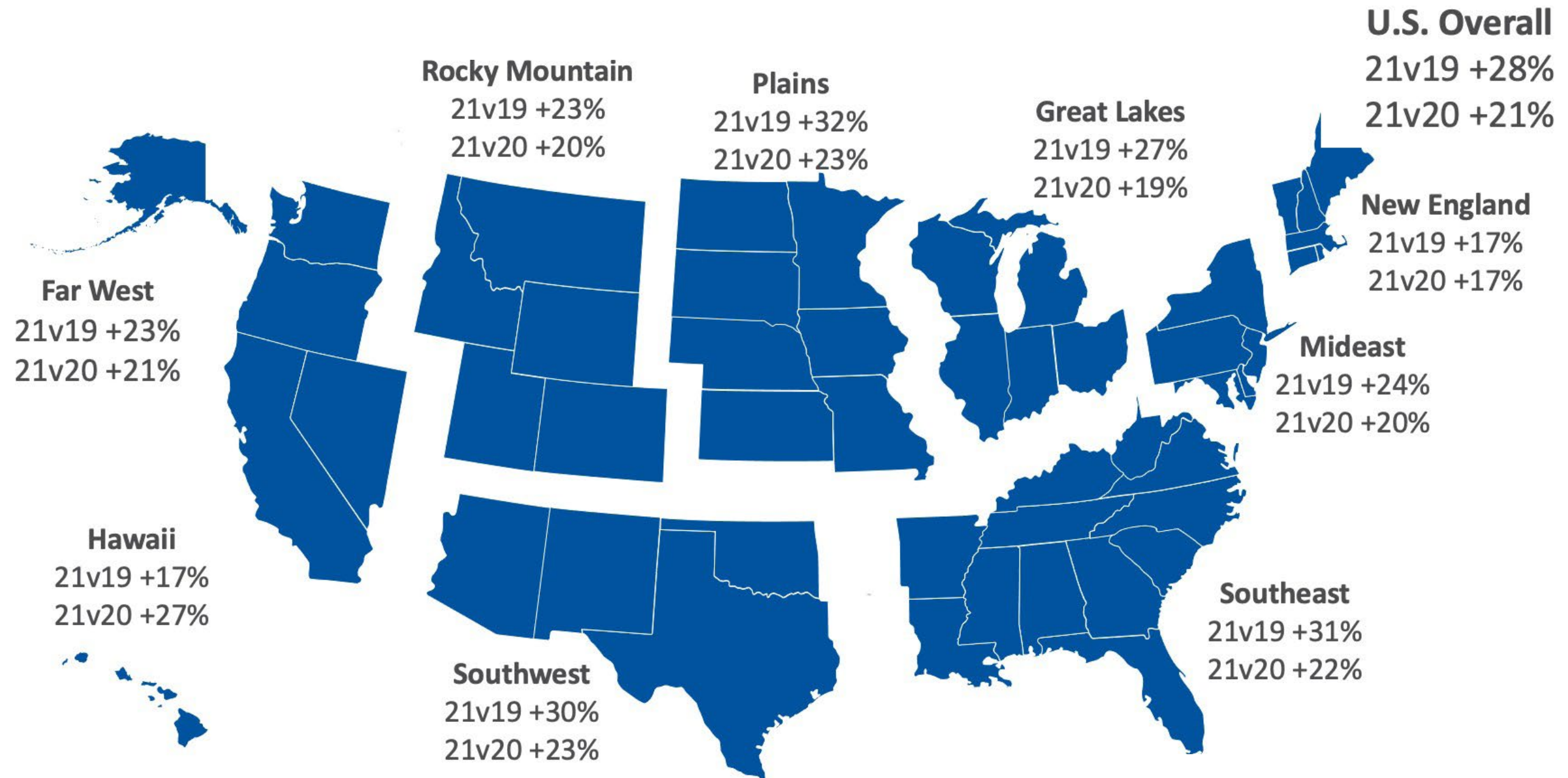
SEPTEMBER FICO CREDIT SCORES BY GENERATION

Generation	Ages	September 2019	Difference	September 2021
Gen Z	18-24	687	10	697
Younger Millennials	25-32	693	12	705
Older Millennials	33-40	706	10	716
Gen X	41-56	717	10	727
Boomers+	57+	757	6	763
Overall		730	7	737

REGIONAL STATE LEVEL PURCHASE DOLLARS – CREDIT

SEPTEMBER (MONTH 9)

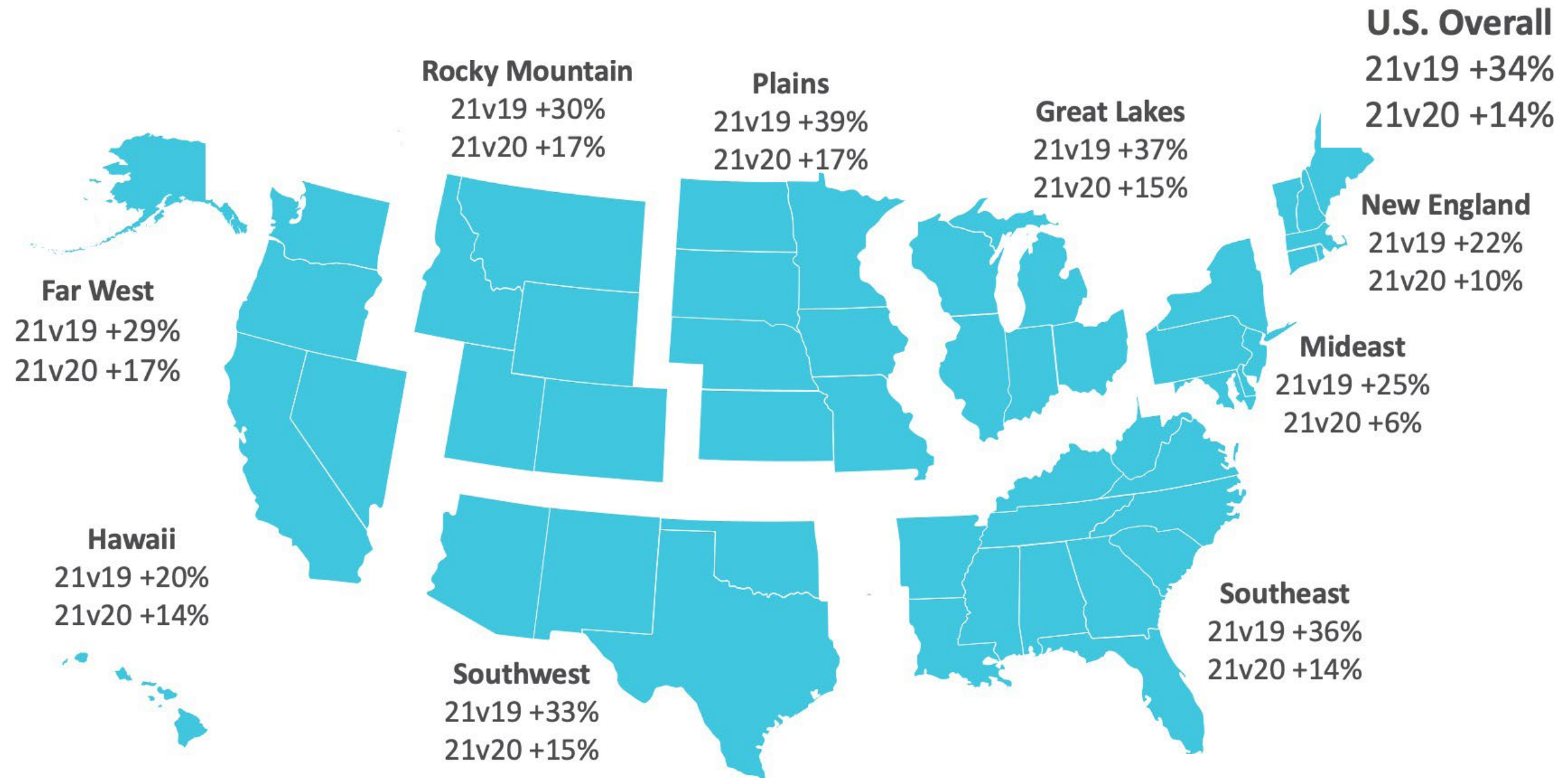
Our regional analysis of spend utilizes the segmentation used by the U.S. Bureau of Economic Analysis ([BEA](#)) for economic analysis.



REGIONAL STATE LEVEL PURCHASE DOLLARS – DEBIT

SEPTEMBER (MONTH 9)

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



MONTHLY U.S. STATE/TERRITORY USAGE FOR MONTH 9, SEPTEMBER 2021 VS 2019

The following list of U.S. states, districts and territories highlights 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 9, 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	21%	26	42%	10	-6%	10
Alaska	22%	24	16%	47	-17%	34
Arizona	29%	9	32%	29	-12%	18
Arkansas	19%	36	14%	50	-30%	49
California	16%	41	27%	38	-16%	31
Colorado	11%	48	22%	41	-19%	39
Connecticut	14%	42	34%	22	-7%	11
Delaware	25%	19	30%	35	-18%	37
District of Columbia	6%	52	38%	16	-9%	14
Florida	26%	16	32%	31	-14%	24
Georgia	2%	53	31%	34	-20%	42
Guam	27%	12	33%	28	-15%	30
Hawaii	11%	47	19%	43	-32%	51
Idaho	24%	20	37%	17	-17%	33
Illinois	20%	31	34%	23	-5%	9
Indiana	19%	32	40%	13	5%	4
Iowa	26%	15	70%	1	-21%	45
Kansas	28%	10	39%	14	10%	3
Kentucky	23%	22	44%	7	-10%	15
Louisiana	37%	4	35%	19	-15%	29
Maine	39%	3	18%	45	-30%	50
Maryland	10%	49	34%	20	-18%	36
Massachusetts	8%	51	15%	48	-20%	41
Michigan	23%	21	46%	5	-15%	28
Minnesota	30%	7	40%	12	-11%	16
Mississippi	-3%	54	47%	4	-13%	23
Missouri	19%	35	33%	27	-12%	19

Location	Credit Purchases	Credit Rank	Debit Purchases	Debit Rank	ATM Transactions	ATM Rank
Montana	18%	38	42%	9	0%	5
Nebraska	26%	13	-5%	54	-35%	53
Nevada	11%	46	15%	49	-13%	21
New Hampshire	17%	40	21%	42	-14%	26
New Jersey	12%	45	17%	46	-26%	47
New Mexico	20%	30	33%	25	23%	2
New York	21%	27	1%	53	-38%	54
North Carolina	32%	5	27%	37	-24%	46
North Dakota	25%	17	33%	26	-4%	7
Ohio	25%	18	37%	18	-13%	22
Oklahoma	18%	37	27%	39	-18%	35
Oregon	27%	11	39%	15	-1%	6
Pennsylvania	29%	8	34%	21	-17%	32
Puerto Rico	82%	1	65%	2	-9%	13
Rhode Island	18%	39	10%	52	-20%	40
South Carolina	30%	6	44%	6	-18%	38
South Dakota	19%	34	18%	44	-21%	44
Tennessee	20%	29	42%	11	-14%	27
Texas	26%	14	32%	32	-12%	20
Utah	19%	33	11%	51	-35%	52
Vermont	12%	44	25%	40	-28%	48
Virgin Islands	9%	50	43%	8	-20%	43
Virginia	14%	43	32%	30	-8%	12
Washington	20%	28	30%	36	-11%	17
West Virginia	22%	23	31%	33	-14%	25
Wisconsin	22%	25	34%	24	-5%	8
Wyoming	47%	2	51%	3	46%	1



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.

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 2.4 billion transactions valued at \$120 billion of credit and debit card activity from October 2020 to September 2021.

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 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](#).