

WELCOME TO THE PSCU PAYMENTS INDEX

In the November 2021 edition of the PSCU Payments Index, we see strong consumer purchasing during the initial weeks of the holiday shopping season, combined with mixed consumer sentiment on the state of the economy. As the [Consumer Confidence Index](#) posted the first increase in four months, workers remain in high demand with increasing pay and a steadily improving unemployment rate.

As [COVID-19 cases rise again](#) in many states, the population of vaccinated Americans continues to expand. As of Nov. 15, the [CDC reported](#) that 81% have had at least one dose and 71% are fully vaccinated against COVID-19. In the past month, Pfizer has received Emergency Use Authorization for its COVID-19 vaccine for children between the ages of 5 and 11, and is beginning early stage clinical trials for their new [COVID-19 non-vaccine-based medicine](#). Marking another pandemic milestone, the U.S. ended its international travel ban on Nov. 8, which allows visitors to fly into the country with proof of full vaccination (although some exemptions apply). At the same time, some uncertainty remains as businesses review a 154-page interim final rule and await related [legal implications](#) of President Biden's vaccine mandate for companies with more than 100 employees, with the first major compliance deadline coming Dec. 5.

This month, we present the first in a three-part Deep Dive into 2021 Holiday Spending. As the new realities of a post-pandemic economy begin to materialize and the PSCU Payments Index continues to evolve accordingly, you'll see that we are now beginning to focus more on year-over-year changes and less on comparisons back to pre-pandemic 2019. We hope that the insights from the Payments Index will help our financial institutions continue to make informed decisions as we navigate the dynamic holiday season.

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

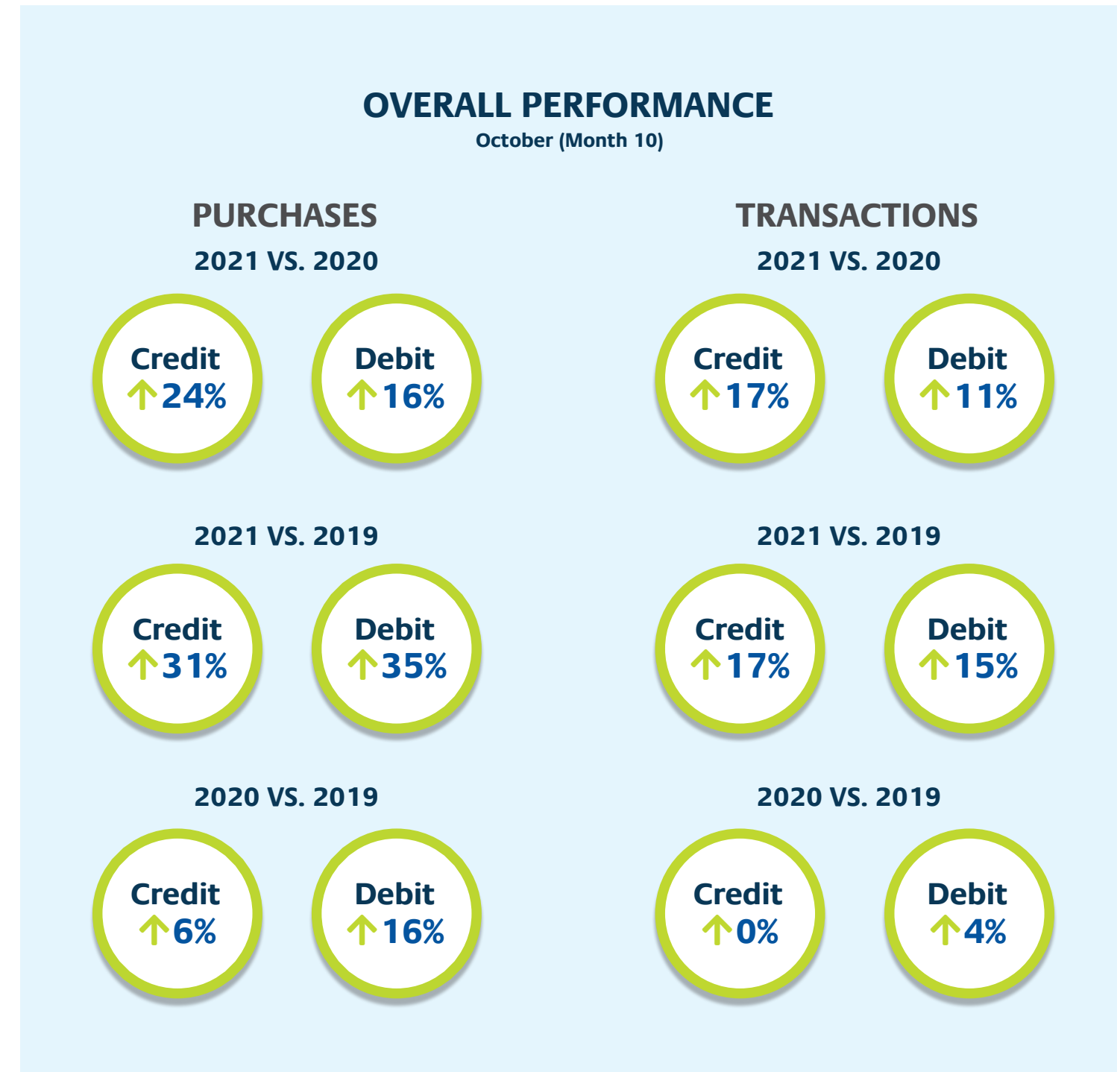
MONTHLY PERFORMANCE

October performance showed consumer spending remains strong, fueled in part by higher prices, with a continued slight acceleration in credit card purchases. Consumers are reacting to news of supply chain concerns and expected longer shipping times this holiday season by shopping early. Compared to 2020, when consumers channeled more disposable income into the Goods sector during the large retailer sales (Amazon Prime Day, etc.), overall credit purchases were up 24% and overall debit purchases were up 16%, keeping the Goods sector top in growth for October 2021. Compared to the pre-pandemic October 2019, credit card purchases were up 43% and debit card purchases were up 45%.

According to [data released](#) by the Labor Department on Nov. 10, the Consumer Price Index (CPI) increased 0.9% in October, remaining elevated at 6.2%. This is the largest 12-month increase since the period ending November 1990, with the largest increase coming from energy, which rose 30 percent over the last 12 months. Forecasts have been mixed, ranging from concerns about hyperinflation to others that [expect prices to fall](#) after the holiday season.

For October 2021, the Bureau of Labor Statistics (BLS) [reported](#) on Nov. 5 that the unemployment rate edged down 0.2 percentage points to 4.6%. Job creation for October was 531,000, and among multiple hiring sectors, nearly 200,000 women filled these positions. The BLS also revised its recently reported numbers of jobs created, increasing August by 117,000 and September by 118,000. The U.S. economy has had [more than 10 million open jobs since June](#), well above their pre-pandemic peak of about 7.5 million in November 2018. The Department of Labor [reported](#) new claims for unemployment benefits dropped by 14,000, finishing at 269,000 for the week ending Oct. 30.

Congress finally passed the \$1.2 trillion bipartisan [infrastructure bill](#) that was stalled in the House of Representatives. Once signed into law, initiatives will be implemented over the next five years in transportation-related infrastructure valued at \$550 billion, including \$17 billion for ports and waterways, a clear bottleneck in the supply chain impacting this holiday season. As a near-term Biden administration initiative, ports could apply unused money from existing projects toward measures to alleviate congestion.



KEY TAKEAWAYS

- Consumer spending remained strong for both credit and debit purchases as the Consumer Confidence Index increased in October, reversing a three-month downward trend.
- Two positive indicators over the last month were centered around credit card usage. October marked the first month of 2021 in which all sectors reported growth above 2019 levels for credit card purchases, while the overall credit card delinquency rate has remained 61 basis points lower than 2019 results for two months, finishing at 1.32%.
- Inflation increased again as the CPI-U for October rose to 6.2% year over year, now a 31-year high. The 0.9% increase over September included notable increases in energy costs. Continued inflationary pressures could prompt the Fed to raise interest rates in 2022.
- Workers remain in short supply as many retailers are paying premiums for seasonal holiday staff. The unemployment rate fell to 4.6% in October as 531,000 jobs were added during the month. At the same time, the number of jobs created in August/September was adjusted upwards by 235,000 in total by the BLS.
- From our Holiday Spending deep dive, Goods sector purchases were strong, with credit up 13.6% and debit up 9.5%. Retailers are luring shoppers in early as they work to ensure Black Friday is not rife with supply chain issues and staff shortages, which could lead to inventory problems, higher prices and shipping delays.



The holiday spending season got underway earlier than ever with Black Friday-style deals from major retailers showing up in early October. Strong consumer spending performance, including the first month of 2021 in which all sectors reported growth above 2019 levels for credit purchases, indicates that buyers are heeding the warnings of uncertainty as retailers grapple with supply chain difficulties and labor shortages. While the holiday season could be challenging for both retailers and consumers, we do anticipate strong demand and a rise in overall spend. In this month's Deep Dive, we begin a three-part series on Holiday Spending to monitor ongoing trends throughout the 2021 holiday shopping season.

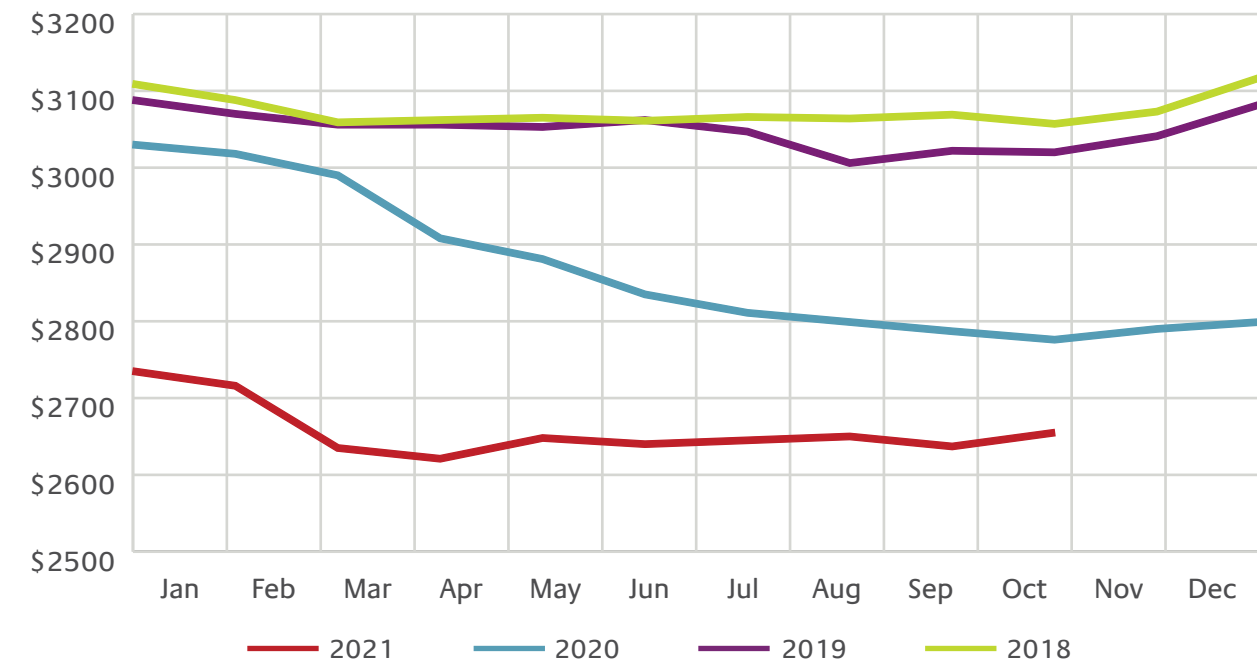
— Yvonne Stelpflug, SVP, Advisors Plus at PSCU

CREDIT CARD ACCOUNT BALANCES

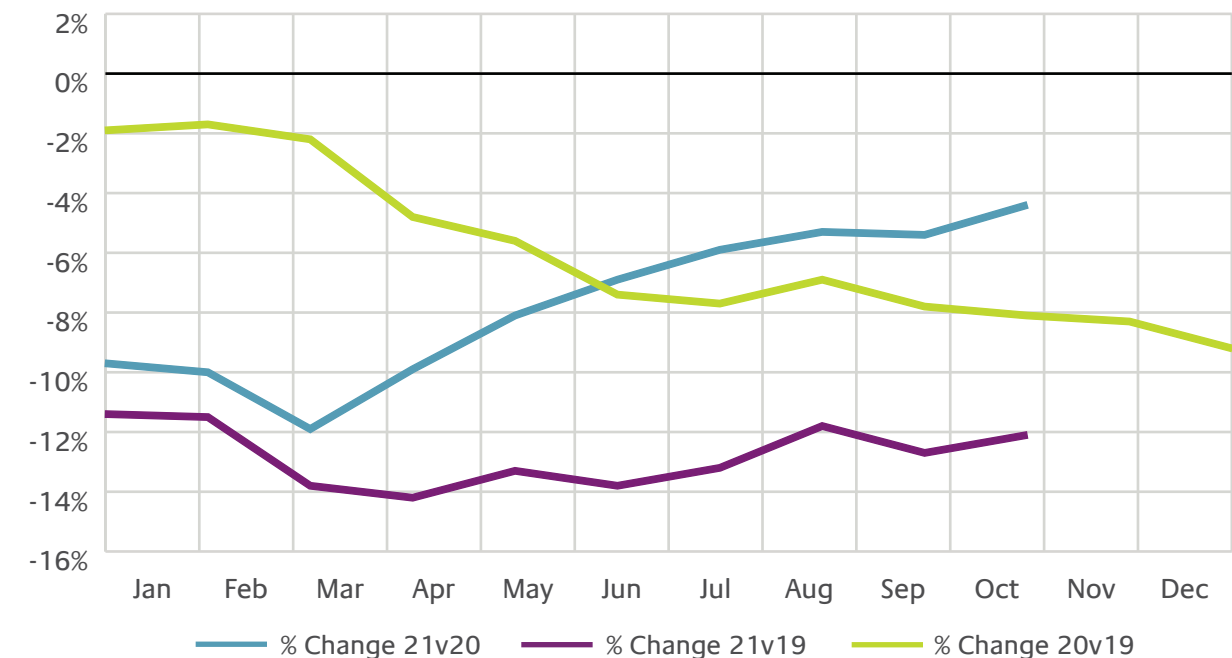
Average credit card account balances (for our same-store population) increased for October 2021 by 0.7%. With the holiday shopping season underway, we expect to see some balance increases through the end of the year. Additional findings of note in PSCU's same-store population include:

- The average credit card balance per gross active account was \$2,655, up \$18 from September 2021.
- Year-over-year average credit card account balances (October 2021 vs. October 2020) were down 4%, or \$121.
- Compared to October 2019, average credit card account balances were down 12%, or \$364.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT
October (Month 10)



PERCENTAGE CHANGE IN AVERAGE CREDIT CARD BALANCES
October (Month 10)

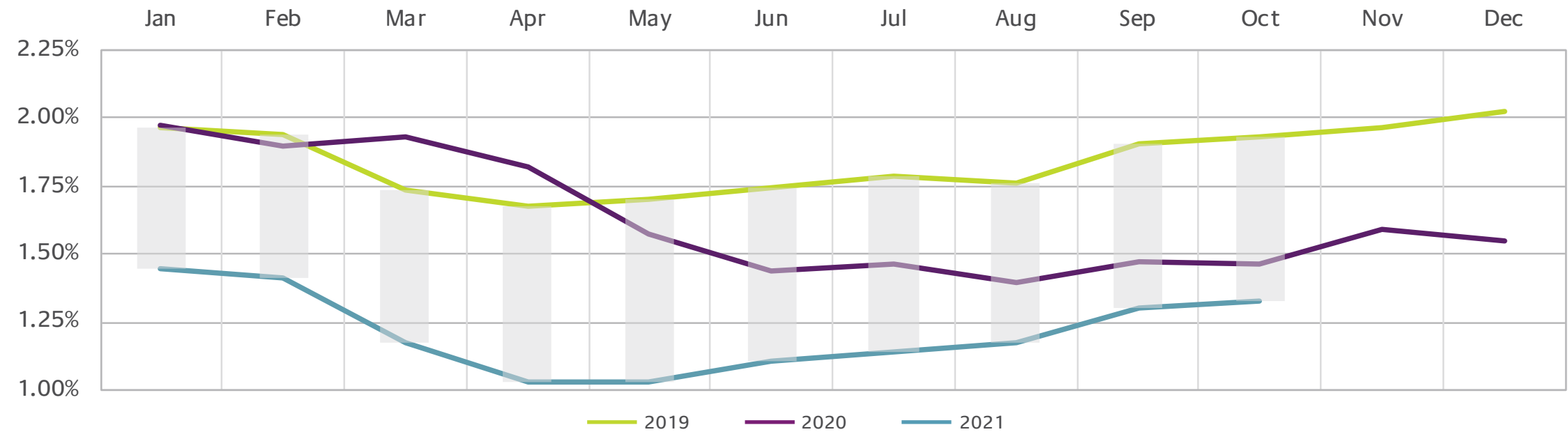


CREDIT CARD DELINQUENCIES

The monthly (auto-regressive) pattern for the 2021 delinquency rate continues to trend similarly to 2019, with the October delinquency rate at 1.32%. Compared to 2019, delinquency rates finished October 2021 down 61 basis points, unchanged from September. Based on historic seasonality, we expect the overall delinquency rate to increase through the end of the year. 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.

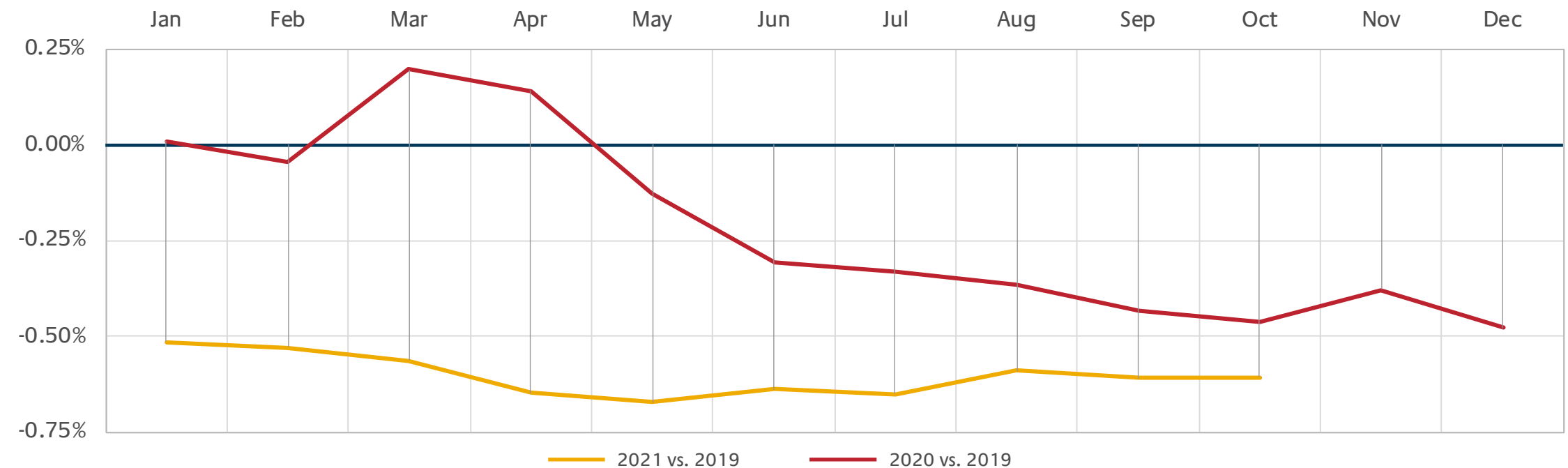
OVERALL CREDIT CARD DELINQUENCY RATE

October (Month 10)



DIFFERENCE IN CREDIT CARD DELINQUENCY RATES COMPARED TO 2019

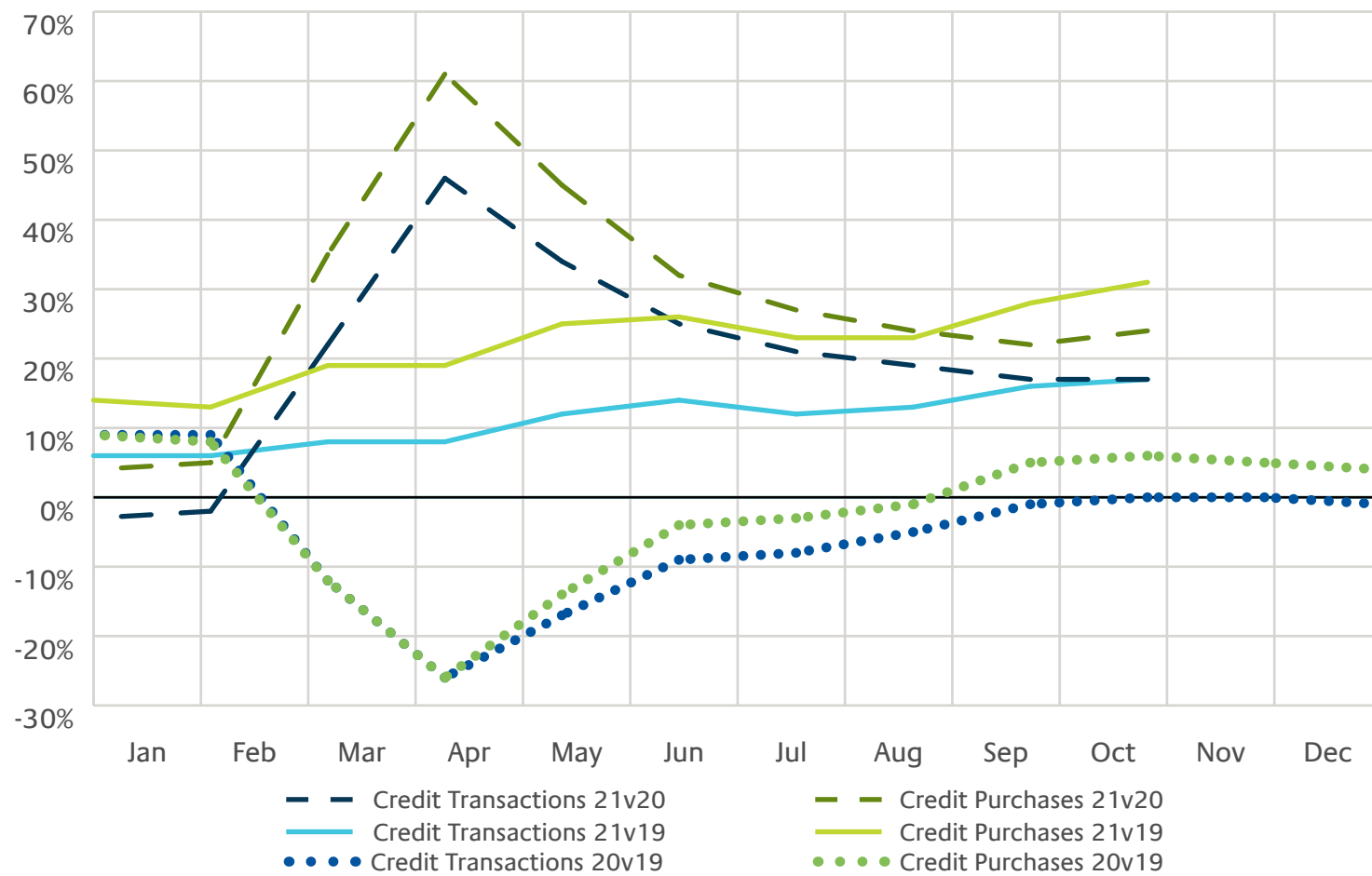
October (Month 10)



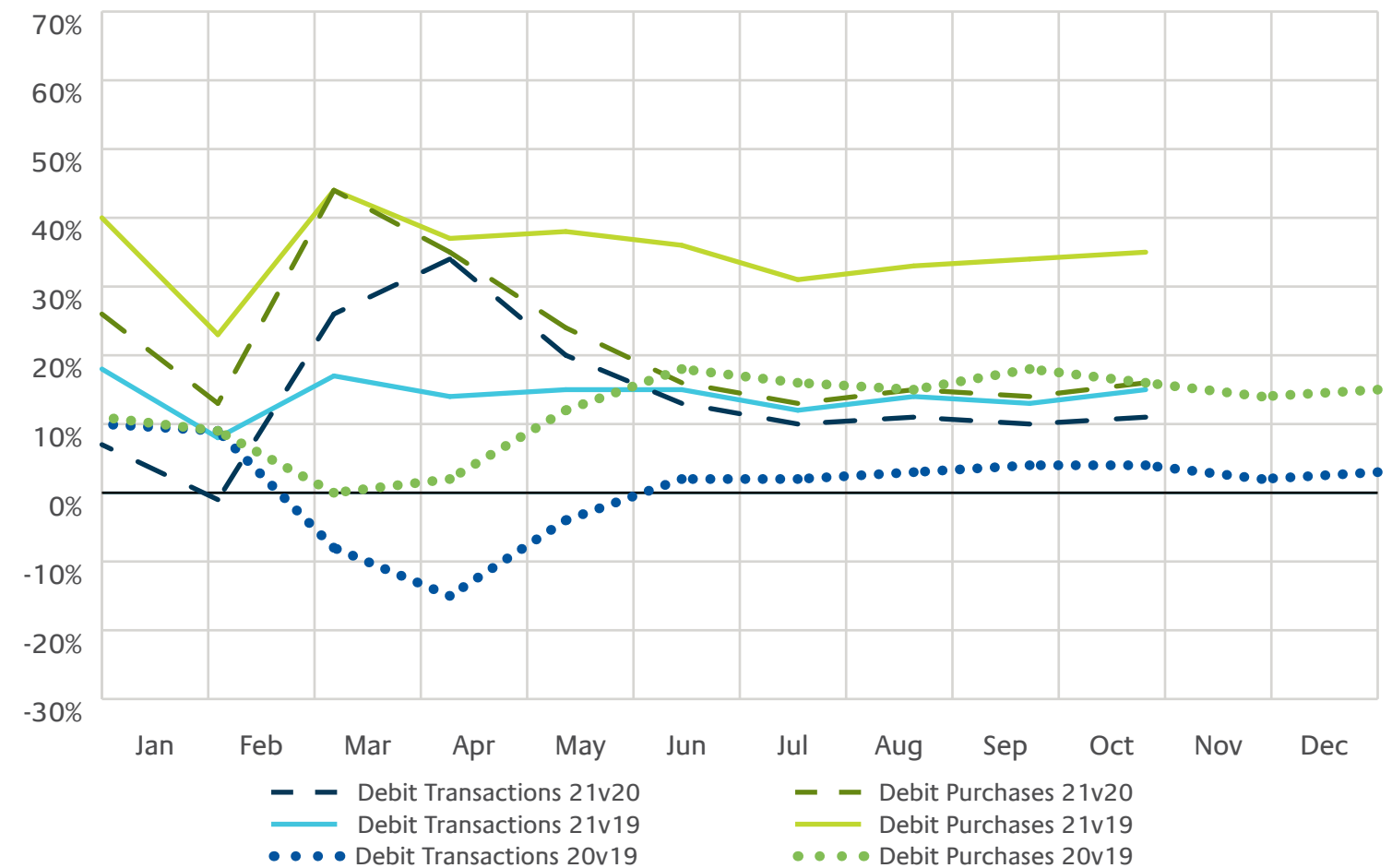
CREDIT AND DEBIT CARDS

Overall consumer spending growth has remained steady through the fall months in both credit and debit card purchases. In October 2021, credit purchases were up 31% and debit purchases were up 35% compared to October 2019. As PSCU has reported over the past 21 months, the rebound to pre-pandemic spending patterns continues to vary by card product, with all sectors now surpassing 2019 monthly levels in October. As we examine early results in holiday spending, growth rates in credit usage are showing signs of outpacing debit card growth rates.

CREDIT ACTIVITY
October (Month 10)



DEBIT ACTIVITY
October (Month 10)

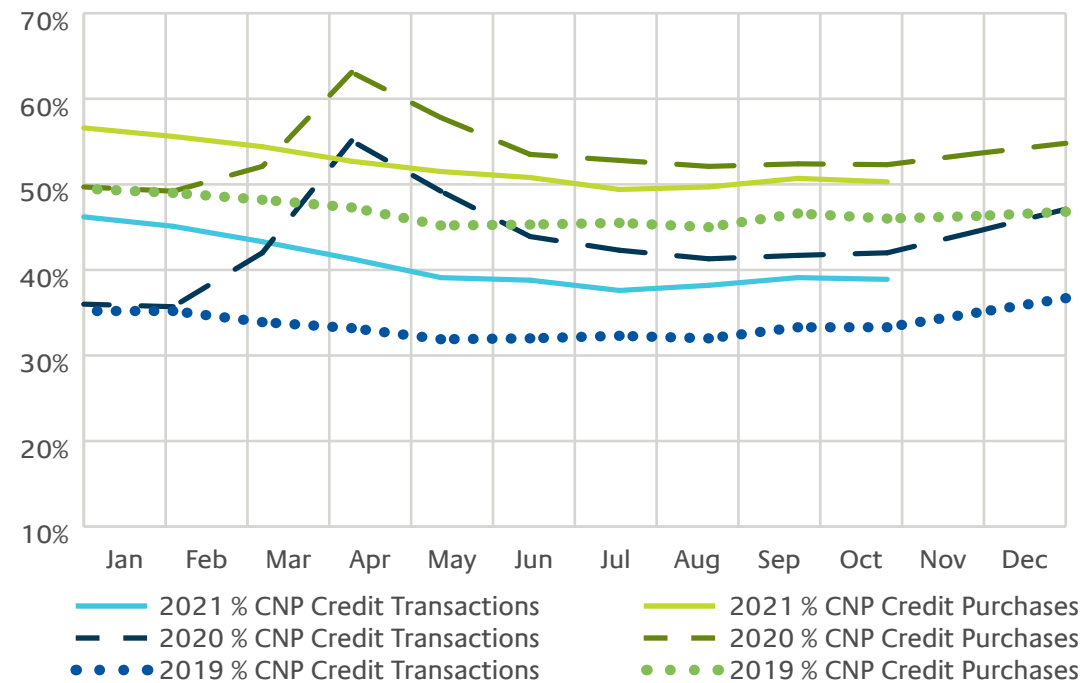


CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

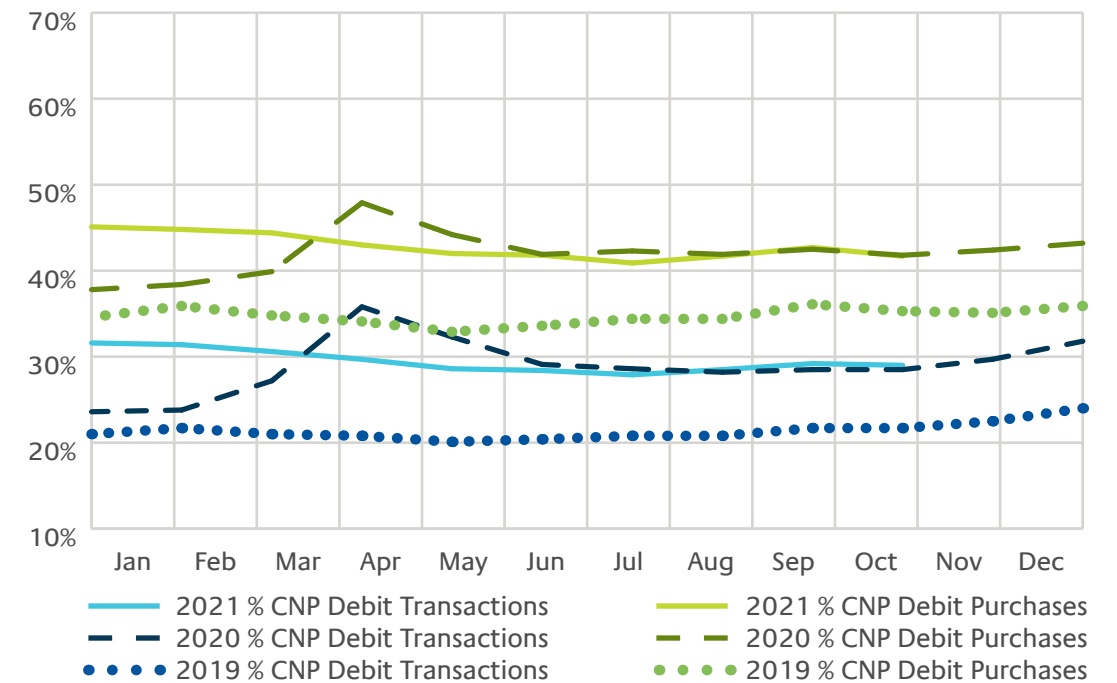
October 2021 Card Not Present (CNP) credit purchases represented 50% of all purchases, up four percentage points from October 2019. CNP debit purchases represented 42% of overall debit purchases in October 2021, up seven percentage points from October 2019.

We continue to see increases in Card Present (CP) activity, with CP credit transactions for October 2021 up 23% compared to 2020 and up 7% compared to 2019. CP debit transactions were up 10% for October 2021 compared to 2020 and up 4% compared to 2019.

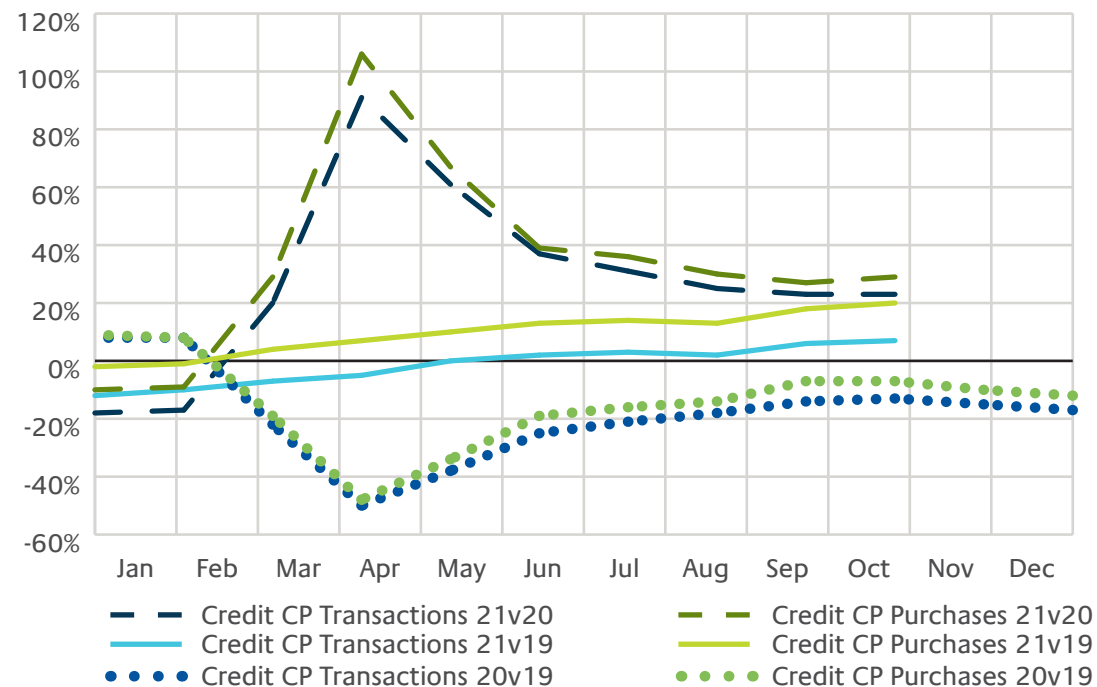
% CREDIT ACTIVITY CNP
October (Month 10)



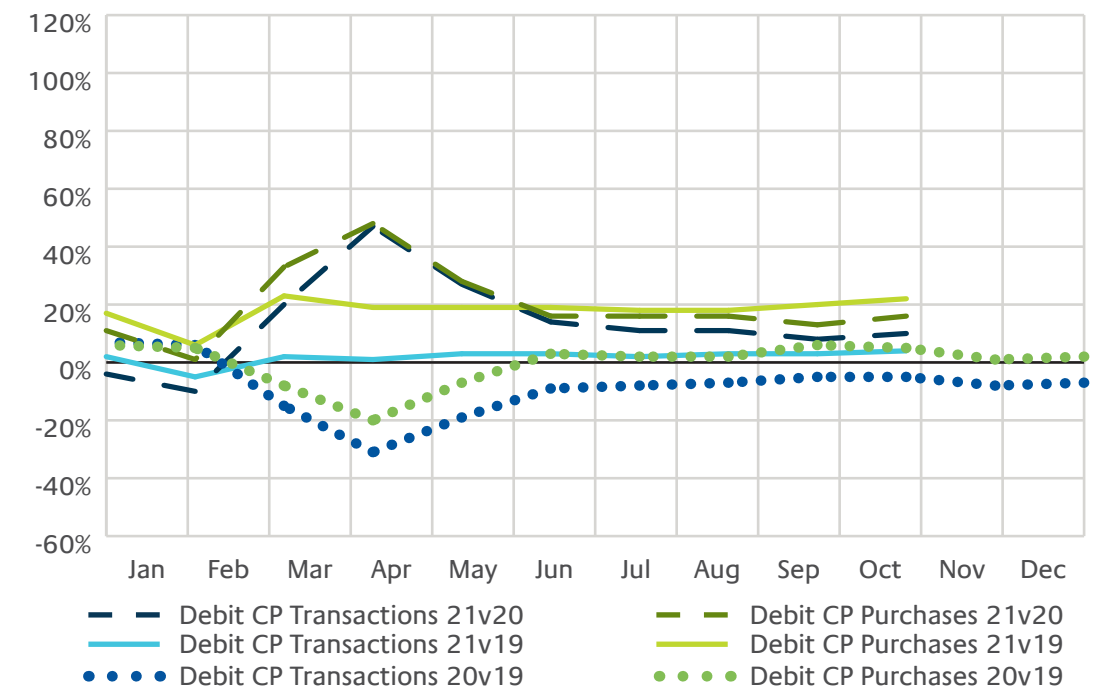
% DEBIT ACTIVITY CNP
October (Month 10)



% CHANGE IN CP CREDIT ACTIVITY
October (Month 10)



% CHANGE IN CP DEBIT ACTIVITY
October (Month 10)

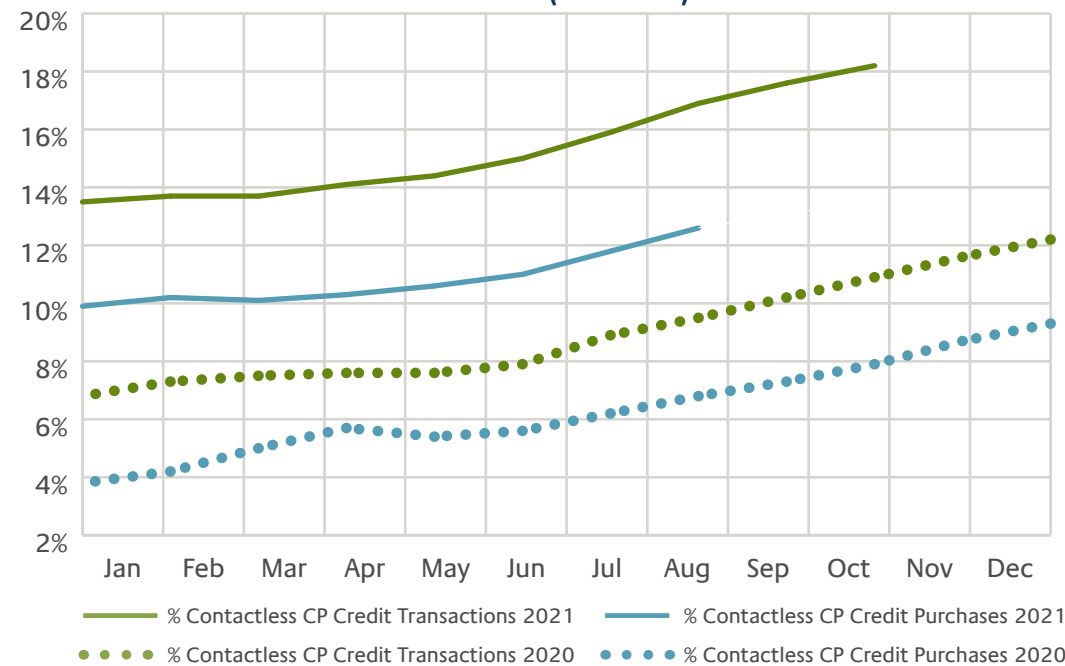


CONTACTLESS TRANSACTIONS

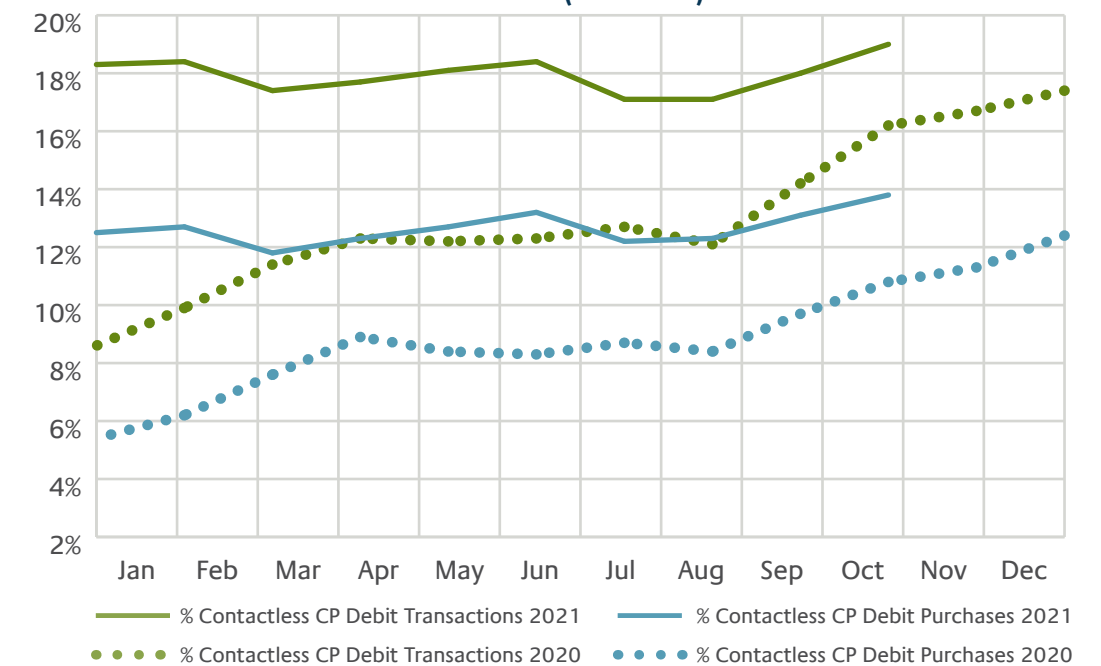
Growth in contactless card usage continues. In October 2021, contactless tap-and-go credit transactions were 18% of total Card Present volume, compared to 11% in October 2020. For debit, contactless tap-and-go transactions also remained strong at 19% in October 2021, compared to 16% in October 2020.

As contactless transactions have continued to replace cash for smaller purchases, the average contactless purchase remains well below the non-contactless card purchase. For October 2021, the average credit contactless purchase was \$42.74 and the average debit contactless purchase was \$23.08.

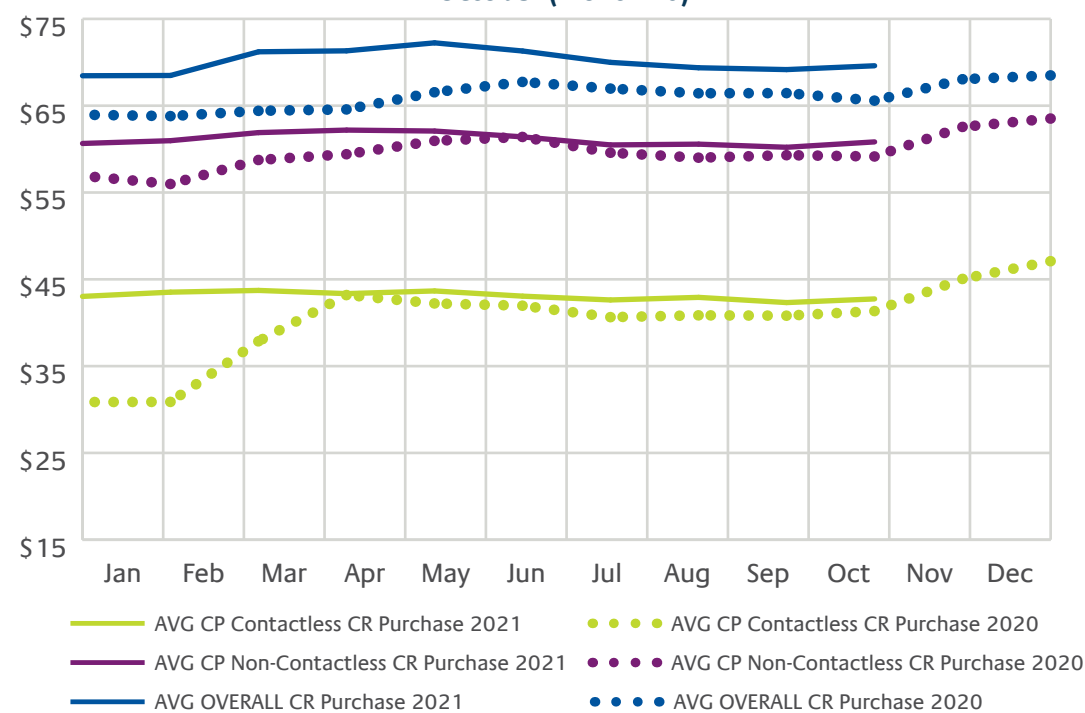
CONTACTLESS CREDIT ACTIVITY October (Month 10)



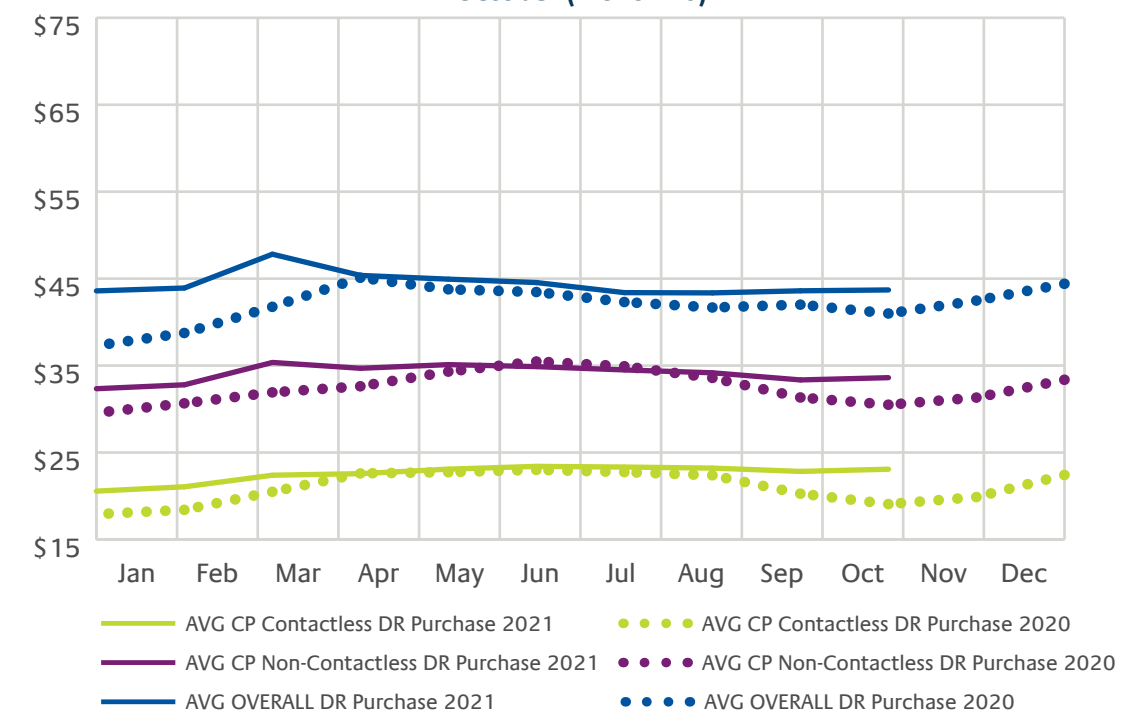
CONTACTLESS DEBIT ACTIVITY October (Month 10)



CONTACTLESS CREDIT AVERAGE PURCHASE October (Month 10)



CONTACTLESS DEBIT AVERAGE PURCHASE October (Month 10)



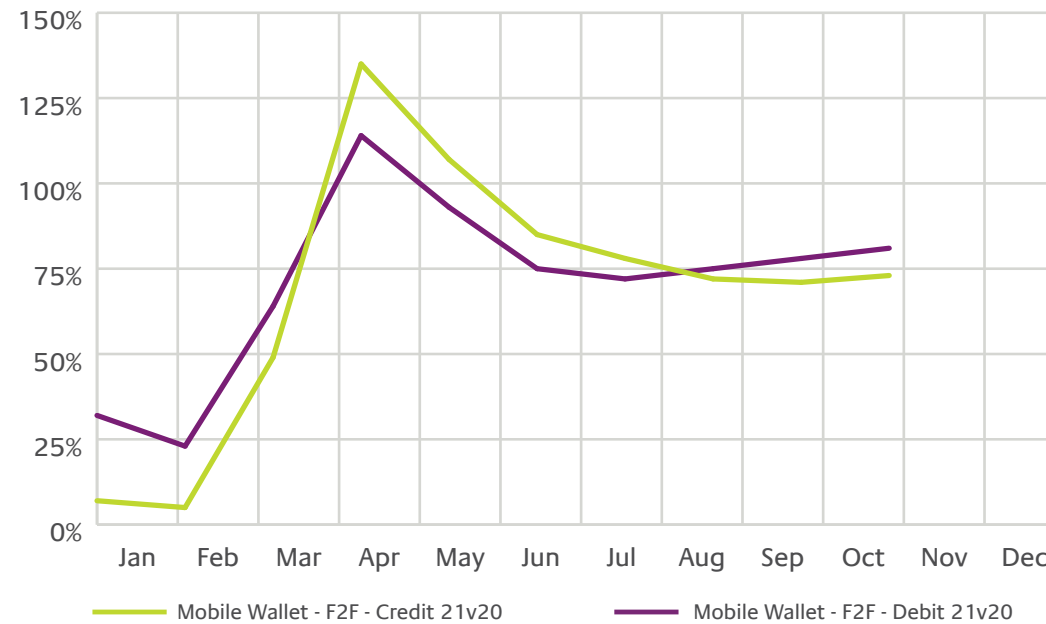
MOBILE WALLETS

Mobile Wallet usage has experienced continued growth throughout 2021 (as compared to 2020), with debit outpacing credit growth in each of the last three months.

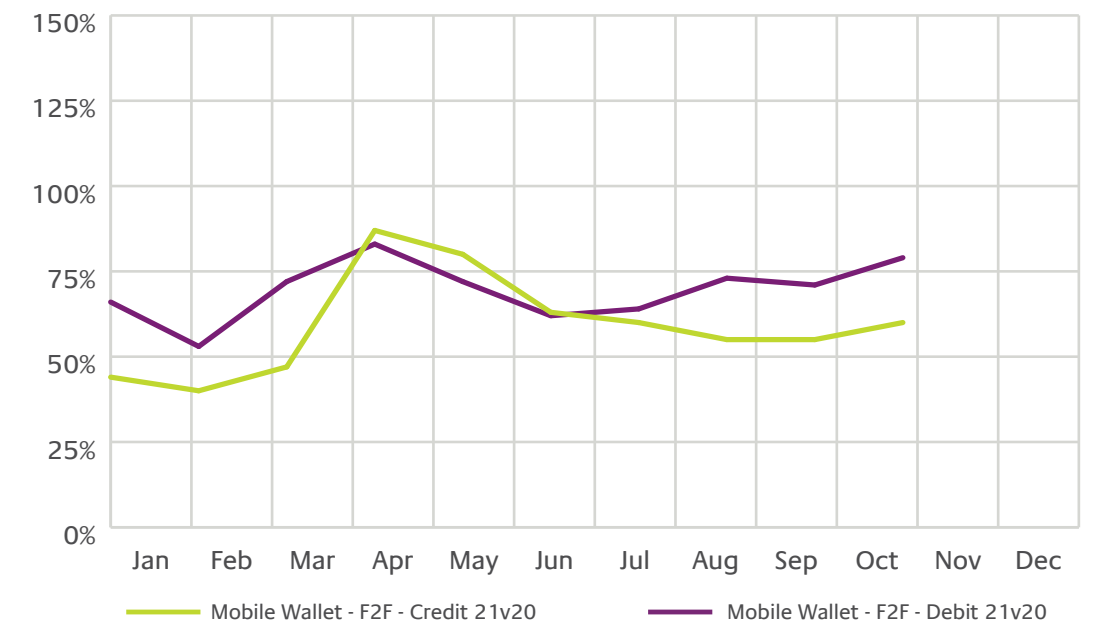
Mobile Wallet credit transaction volume has remained strong, finishing up 73% in October 2021 compared to October 2020. Credit purchase dollars performance was strong, up 45% compared to 2020. The average Mobile Wallet credit purchase decreased by \$2.52, down 8%, to \$30.60 in October 2021 compared to October 2020.

For Mobile Wallet debit activity, year-over-year growth in transaction volume has grown by 81% for October 2021 compared to 2020 and Mobile Wallet debit purchases increased by 79% over the same period. The average Mobile Wallet debit purchase decreased by \$0.20, down 1% to \$17.37 in October 2021 compared to October 2020.

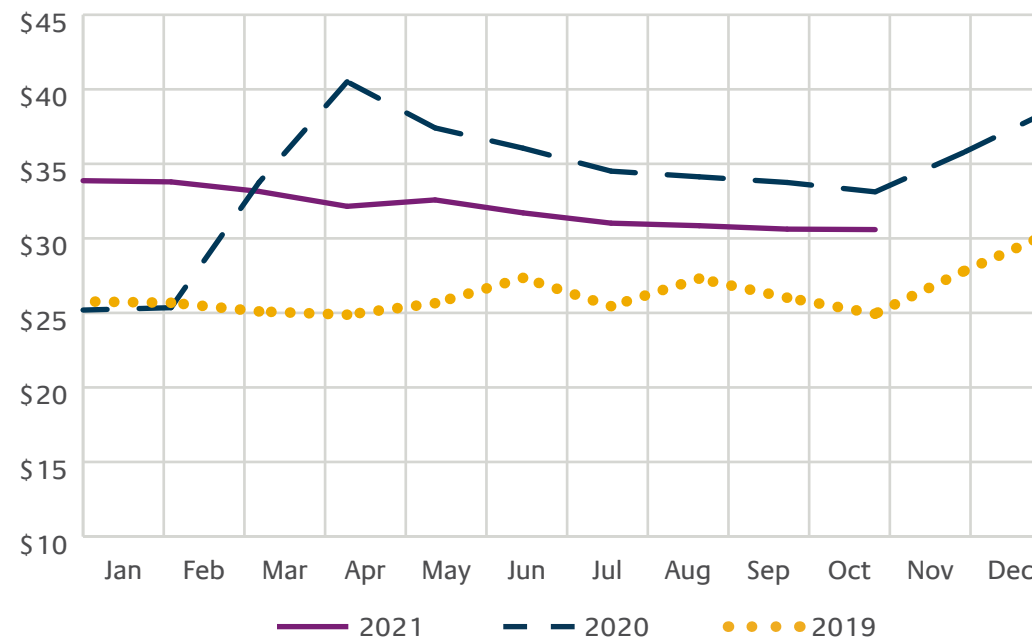
MOBILE WALLET TRANSACTIONS (2020 BASELINE)
October (Month 10)



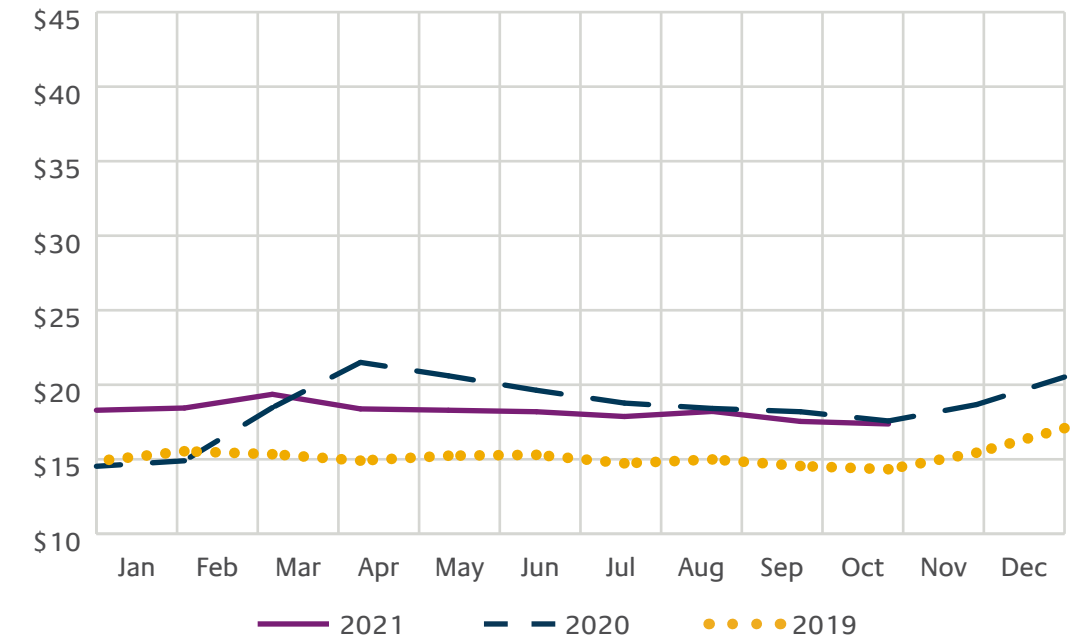
MOBILE WALLET PURCHASES (2020 BASELINE)
October (Month 10)



MOBILE WALLET CREDIT AVERAGE PURCHASE
October (Month 10)



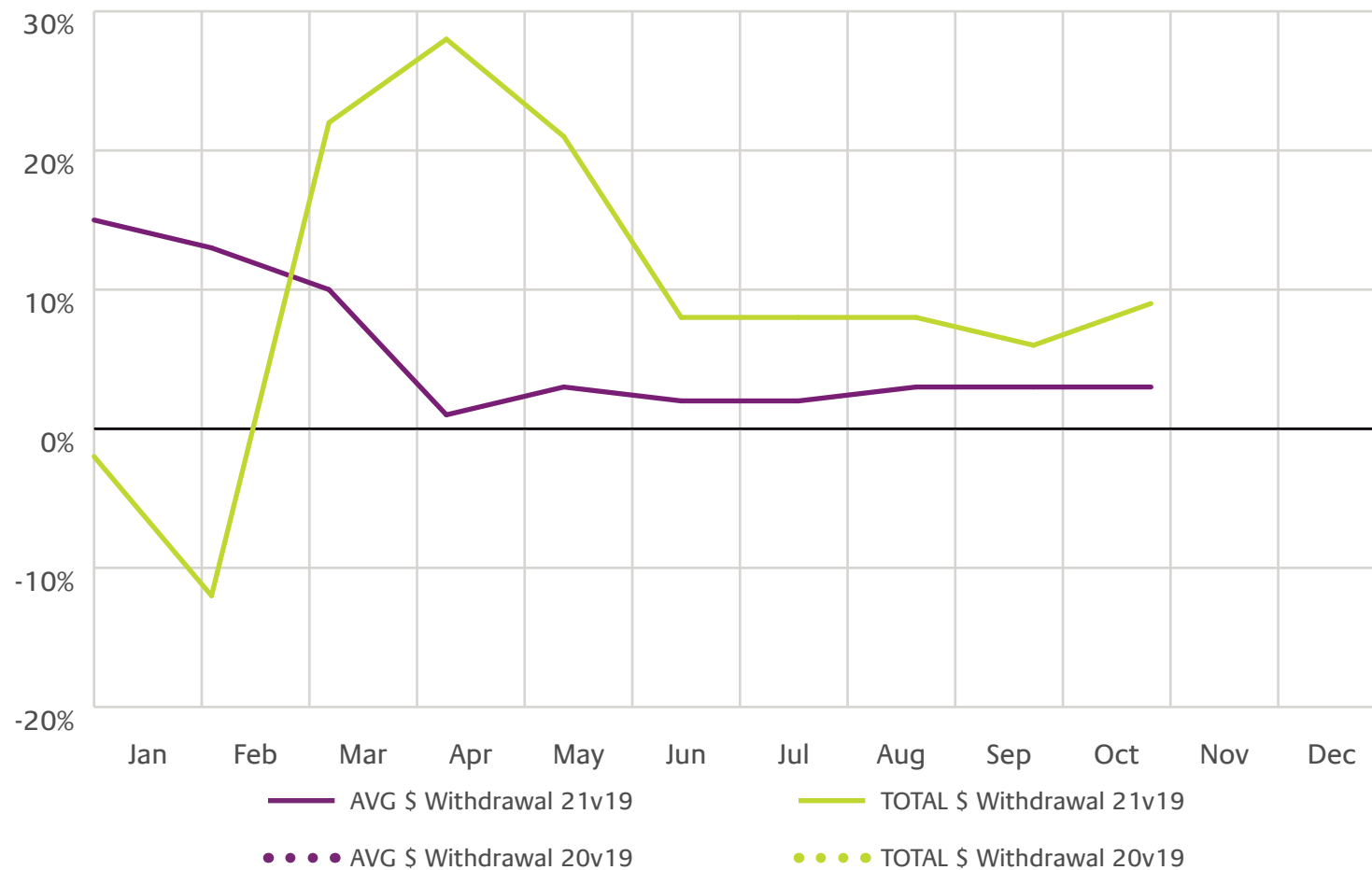
MOBILE WALLET DEBIT AVERAGE PURCHASE
October (Month 10)



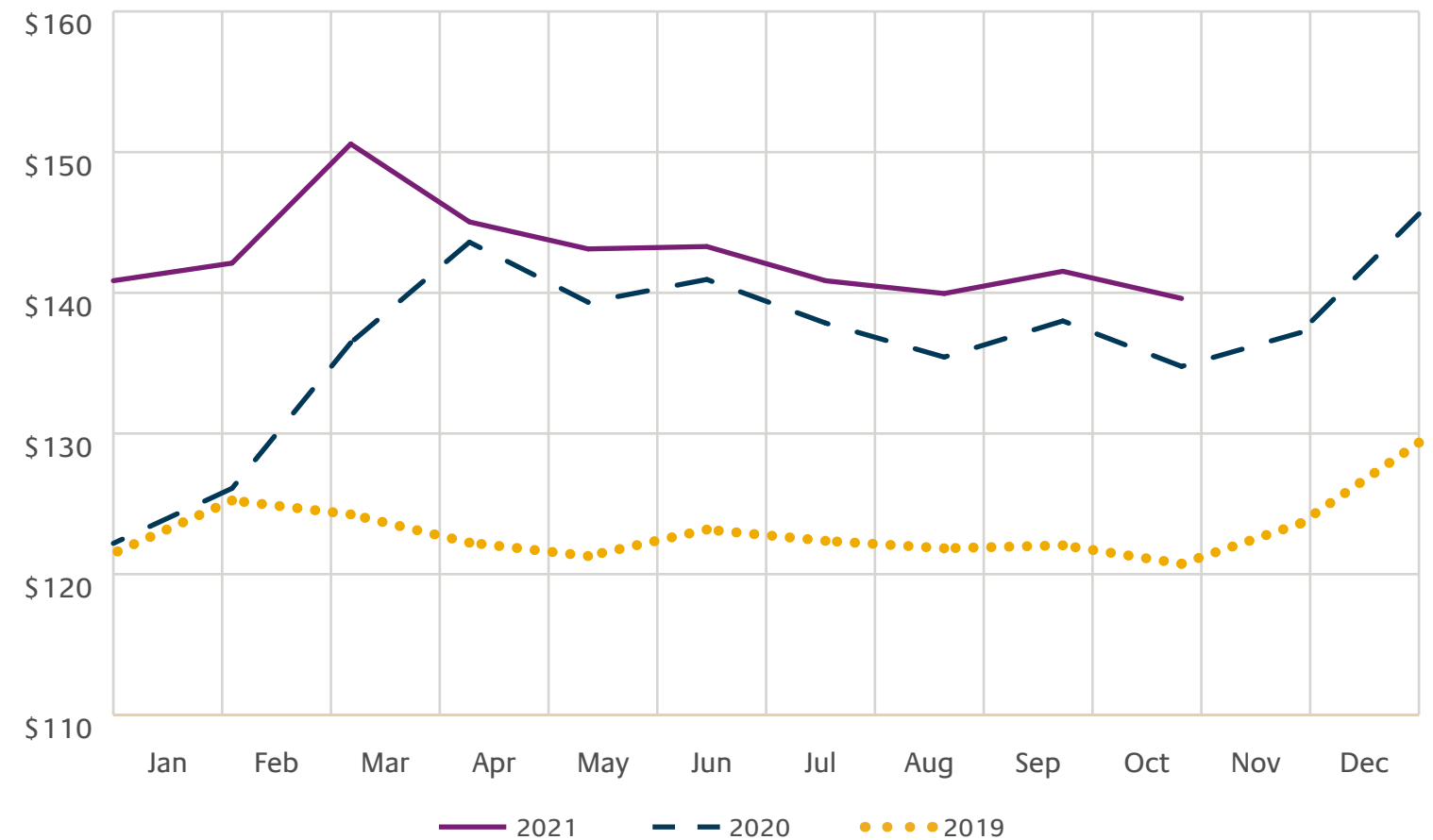
ATM

While ATM transaction volume growth remains low, we continue to see an increase in the average amount withdrawn per transaction. For October 2021, total cash withdrawn was above October 2020 levels by 9%, but remained below the baseline levels of October 2019 by under 1%. The average monthly cash withdrawn was close to October 2020 levels, finishing up 3% at \$140, which was 15% higher than average ATM cash withdrawn in October 2019.

ATM MONTHLY WITHDRAWALS (2020 BASELINE)
October (Month 10)



AVERAGE ATM WITHDRAWAL
October (Month 10)



SECTORS/MERCHANT CATEGORIES

For credit purchases, October was the first month of 2021 in which all sectors reported growth above 2019 levels. The slowest to rebound to growth over pre-pandemic levels has been Travel, in which credit purchases for October were 4% greater than October 2019. All other sectors had double-digit growth for October, led by Goods (up 43%) and Gasoline (up 37%).

For debit purchases, every sector remained above its respective 2019 baseline in October. For 2021, each sector has posted double-digit growth over 2019 starting in March 2021 – coinciding with the release of the third government stimulus payments. Top sectors in debit purchases were Entertainment and Goods, up 46% and 45%, respectively, from their October 2019 levels.

Compared to October 2020, the average price per gallon of [gasoline](#) was up 53% to \$3.29. Year-over-year purchases in the gasoline sector were up 67% for credit and 43% for debit, while growth in the number of gasoline transactions was only up 22% for credit and up 11% for debit.



DRUG STORES

October (Month 10)

	Credit	Debit
2021 v 2020	13%	5%
2021 v 2019	19%	10%
2020 v 2019	6%	4%



ENTERTAINMENT

October (Month 10)

	Credit	Debit
2021 v 2020	110%	93%
2021 v 2019	15%	46%
2020 v 2019	-45%	-24%



GASOLINE

October (Month 10)

	Credit	Debit
2021 v 2020	67%	43%
2021 v 2019	37%	30%
2020 v 2019	-18%	-9%



GOODS

October (Month 10)

	Credit	Debit
2021 v 2020	14%	9%
2021 v 2019	43%	45%
2020 v 2019	18%	33%



GROCERIES

October (Month 10)

	Credit	Debit
2021 v 2020	7%	1%
2021 v 2019	27%	11%
2020 v 2019	14%	10%



RESTAURANTS

October (Month 10)

	Credit	Debit
2021 v 2020	45%	22%
2021 v 2019	29%	29%
2020 v 2019	-24%	6%



SERVICES

October (Month 10)

	Credit	Debit
2021 v 2020	17%	18%
2021 v 2019	29%	36%
2020 v 2019	12%	15%



TRAVEL

October (Month 10)

	Credit	Debit
2021 v 2020	101%	45%
2021 v 2019	4%	17%
2020 v 2019	-52%	-19%



UTILITIES

October (Month 10)

	Credit	Debit
2021 v 2020	16%	10%
2021 v 2019	25%	31%
2020 v 2019	11%	19%

DEEP DIVE: HOLIDAY SPENDING – PART 1

The 2021 holiday shopping season started even earlier this year, with major retailers announcing Black Friday-like deals in early October. Amazon [kicked off](#) the holiday frenzy on Oct. 3, followed by the Target Deal Days sale running Oct. 10-12. [Walmart's 'Deals for Days'](#) returned for 2021 in multiple events, with the first beginning online on Nov. 3 and in-store on Nov. 5.

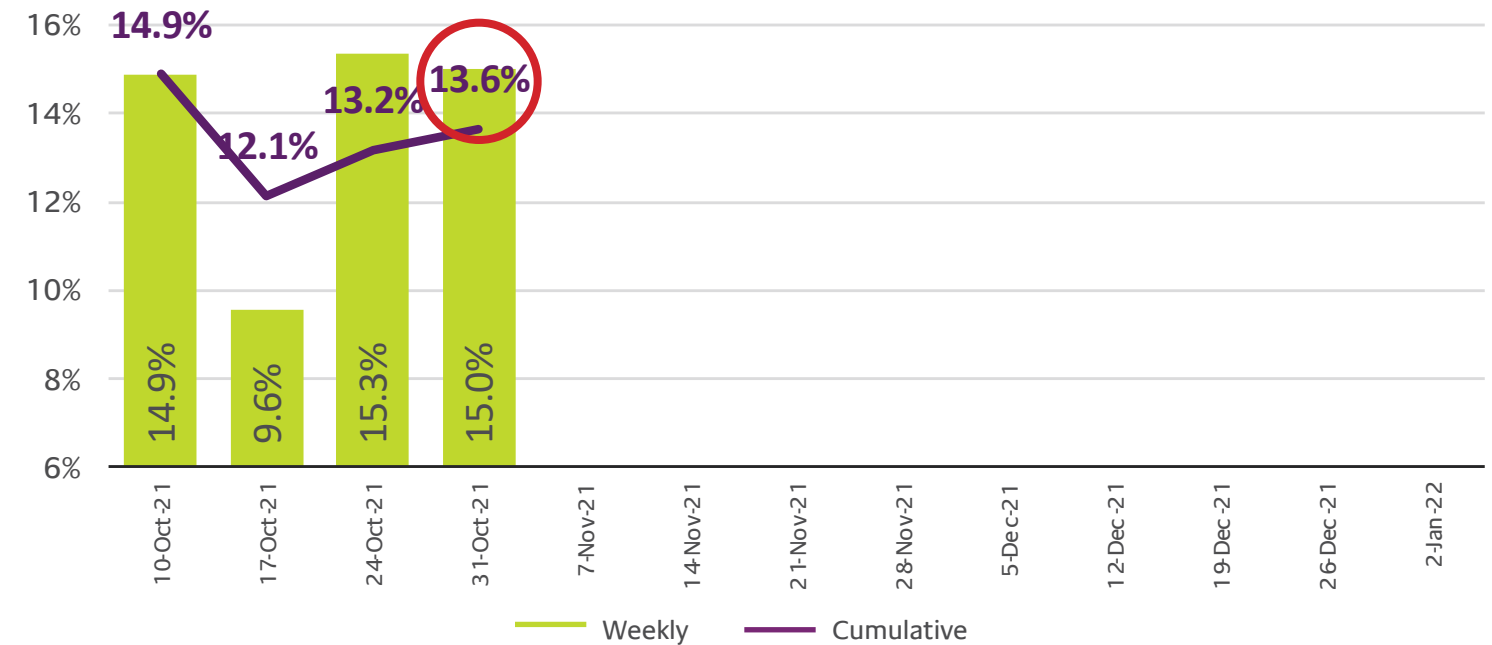
The 2021 holiday shopping season will prove to be as unique as 2020. The earlier sales are partly influenced by supply chain concerns and labor shortages, with fewer products anticipated to get to physical and virtual “store shelves” in time. As a result, consumers have been given ample warnings of fewer selections and fewer discounts.

To show the results of this year’s holiday season, cumulative results are shared in two groupings: Overall Goods sector and Large Retailers. For Large Retailers, we will show overall purchases (less gasoline) given the wide range of sectors in which these merchants operate.

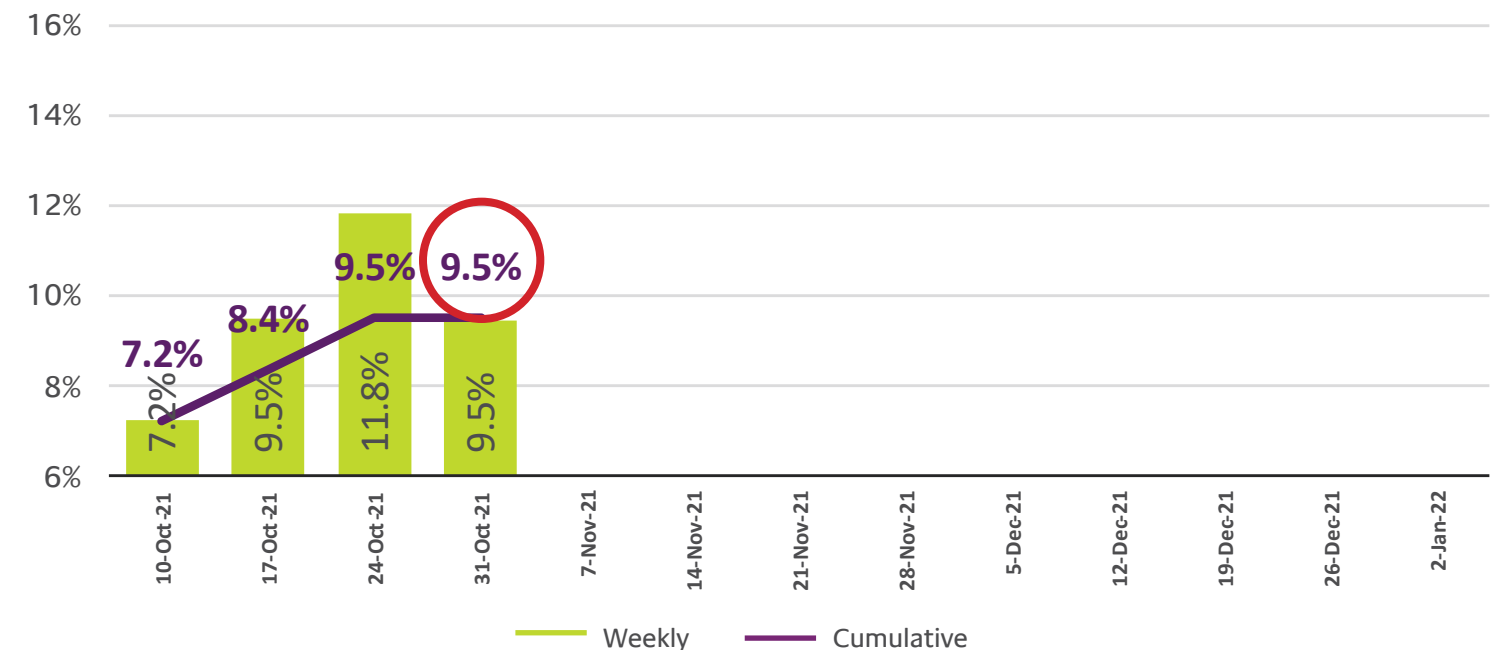
For the month of October 2021, which spans Weeks 40-43, overall purchases in the Goods sector were up 13.6% for credit and 9.5% for debit as compared to 2020.

- Within Goods sector credit card purchases, Clothing stores are leading the pack, up 30.5% compared to 2020, followed by Discount stores (Target, Walmart, Ross, Home Goods, Dollar General) up 27.4% and Retail stores up 16.8%.
- Within Goods Sector debit card purchases, Discount stores were top of the list up 24.6% compared to 2020, followed by Clothing stores up 15.9% and Retail Stores up 9.3%. The top two merchant groupings within Retail Stores are Home Supply Warehouses (Home Depot, Lowes, Menards) and Wholesale Clubs (Costco, Sam’s Club).

OVERALL GOODS SECTOR CREDIT PURCHASES 2021 V 2020



OVERALL GOODS SECTOR DEBIT PURCHASES 2021 V 2020





For Large Retailers, highlights from October 2021 included:

- **Amazon** – Credit purchases were up 0.3% and debit purchases were up 4.6% as compared to 2020 (when Prime Day occurred in October). The drop in purchases for the week ending October 17, 2021 is influenced by the shifting of Amazon Prime Day and the related competitor events back to the summer timeframe. Compared to 2019 results, credit purchases were up 68.3% and debit purchases were up 91.6%.
- **Target** – Credit purchases were up 18.0% and debit purchases were up 10.6% as compared to 2020. Compared to 2019 results, credit purchases were up 50.0%

and debit purchases were up 43.5%. Target is seeing greater growth in CNP purchases (2021 v 2020) as credit was up 22% and debit was up 15%. CP purchases were also up, but less than CNP. CP credit purchases were up 17% and CP debit purchases were up 10%.

- **Walmart** – Credit purchases were up 7.9% and debit purchases were up 2.2% as compared to 2020. Compared to 2019 results, credit purchases were up 34.9% and debit purchases were up 15.3%. Walmart has seen greater growth in CP purchases (2021 v 2020) as credit was up 17% and debit was up 11%. October 2021 CNP purchases were down compared to 2020, with CNP credit purchases down 7.9% and CNP debit purchases down 27.3%.

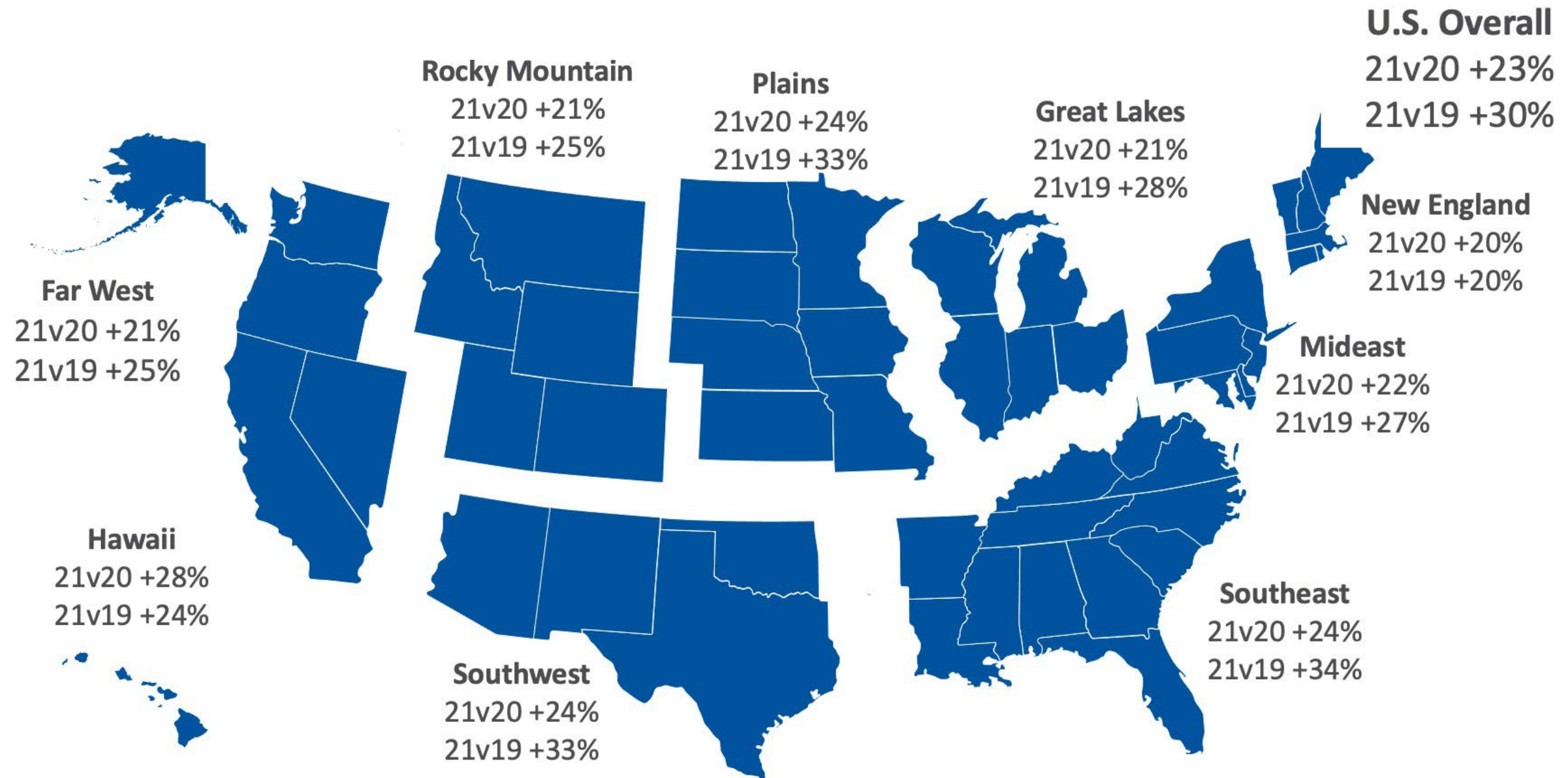
HOLIDAY SALES PART 1: GOODS SECTOR AND LARGE RETAILERS

Oct 2021 v 2020	Comment	Credit	Debit
Goods Sector	Overall	13.6%	9.5%
Amazon		0.3%	4.6%
Target		18.0%	10.6%
Walmart	Less Gasoline	7.9%	2.2%

REGIONAL STATE LEVEL PURCHASE DOLLARS – CREDIT

OCTOBER (MONTH 10)

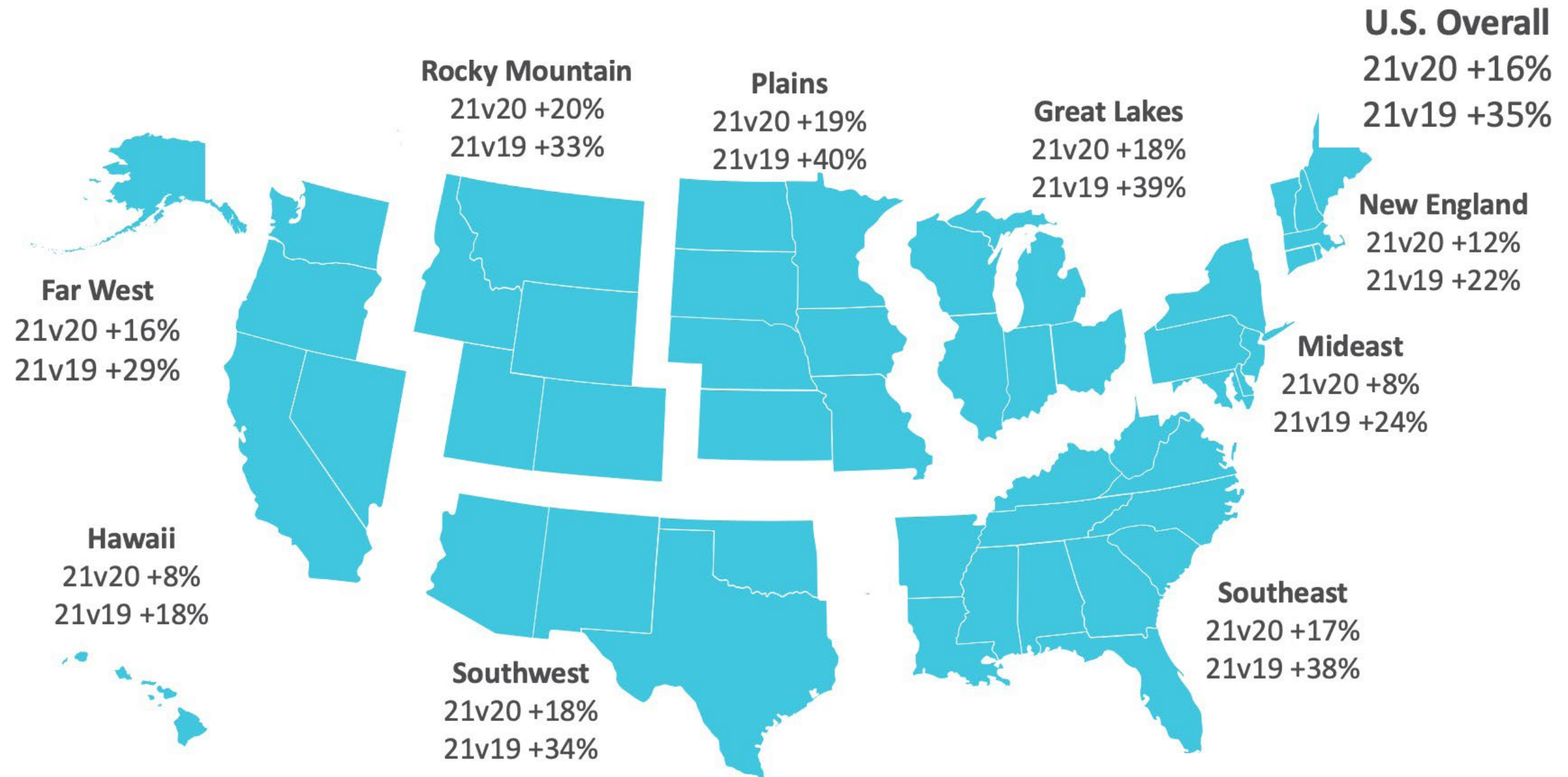
Our regional analysis of spend utilizes the segmentation used by the U.S. Bureau of Economic Analysis for economic analysis.



REGIONAL STATE LEVEL PURCHASE DOLLARS – DEBIT

OCTOBER (MONTH 10)

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



MONTHLY U.S. STATE/TERRITORY USAGE FOR MONTH 10, OCTOBER 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 10, 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	31%	20	48%	5	-2%	12
Alaska	13%	53	13%	52	-14%	37
Arizona	34%	15	35%	27	-2%	10
Arkansas	23%	41	17%	49	-29%	51
California	22%	43	30%	38	-10%	27
Colorado	19%	46	24%	41	-13%	35
Connecticut	18%	50	32%	37	-4%	14
Delaware	29%	23	32%	35	-17%	40
District of Columbia	8%	54	36%	23	-4%	15
Florida	39%	9	36%	24	-8%	23
Georgia	36%	11	35%	25	-12%	30
Guam	44%	5	36%	19	-1%	7
Hawaii	24%	39	18%	45	-29%	49
Idaho	34%	16	40%	14	-14%	38
Illinois	28%	26	36%	21	2%	4
Indiana	27%	33	41%	12	8%	3
Iowa	28%	28	70%	2	-20%	46
Kansas	31%	21	38%	17	13%	2
Kentucky	28%	25	47%	7	-6%	19
Louisiana	58%	3	43%	11	-13%	33
Maine	41%	7	15%	51	-29%	52
Maryland	16%	51	33%	31	-15%	39
Massachusetts	16%	52	17%	47	-18%	42
Michigan	31%	22	46%	8	-1%	8
Minnesota	35%	12	41%	13	-4%	16
Mississippi	59%	2	51%	4	-8%	22
Missouri	27%	31	32%	36	-10%	26

Location	Credit Purchases	Credit Rank	Debit Purchases	Debit Rank	ATM Transactions	ATM Rank
Montana	26%	34	44%	10	0%	5
Nebraska	25%	38	-1%	54	-32%	53
Nevada	19%	47	18%	46	-9%	25
New Hampshire	19%	48	26%	40	-13%	34
New Jersey	20%	44	17%	48	-24%	47
New Mexico	27%	32	36%	22	-5%	17
New York	28%	27	0%	53	-37%	54
North Carolina	41%	6	33%	32	-19%	45
North Dakota	31%	19	38%	18	-2%	11
Ohio	27%	30	36%	20	-11%	28
Oklahoma	23%	42	28%	39	-9%	24
Oregon	35%	13	39%	16	0%	6
Pennsylvania	34%	17	35%	26	-14%	36
Puerto Rico	91%	1	71%	1	-1%	9
Rhode Island	35%	14	20%	44	-18%	43
South Carolina	40%	8	48%	6	-17%	41
South Dakota	33%	18	22%	43	-19%	44
Tennessee	29%	24	45%	9	-12%	29
Texas	37%	10	33%	30	-8%	21
Utah	26%	37	16%	50	-29%	50
Vermont	18%	49	23%	42	-25%	48
Virgin Islands	24%	40	39%	15	-7%	20
Virginia	19%	45	33%	33	-5%	18
Washington	26%	35	33%	34	-12%	31
West Virginia	28%	29	35%	28	-13%	32
Wisconsin	26%	36	34%	29	-3%	13
Wyoming	53%	4	54%	3	55%	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 November edition of the Payments Index represents a total of 2.5 billion transactions valued at \$122 billion of credit and debit card activity from November 2020 through October 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 more than 1,900 financial institutions representing more than 6.9 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 [pscuh.com](#).