

THE PSCU PAYMENTS INDEX: DECEMBER 2022

With the holiday shopping season now nearly complete, mixed economic signals – a strong job market combined with continued high inflation and the expectation of a recession in 2023 – remain top of mind for consumers. In our December 2022 edition of the PSCU Payments Index, we present the second installment of our three-part Deep Dive on holiday spending, which includes the results of the Black Friday through Cyber Monday peak shopping period.

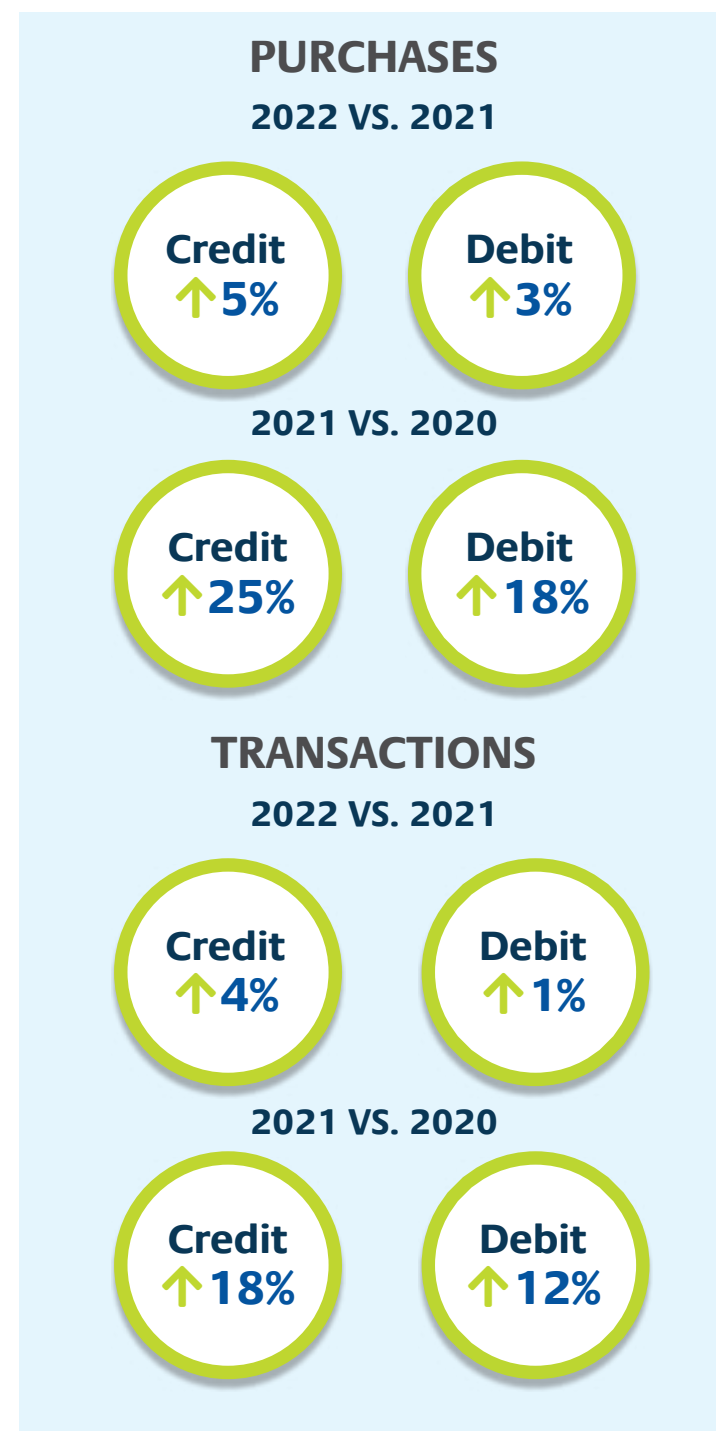
In November, consumer purchasing growth for debit finished in the low single digits, while deflating credit card growth rates posted the smallest year-over-year growth rates of 2022. Credit card growth rates continue to outpace debit cards for overall spending. Holiday period spending during October and November in the Goods sector revealed sluggish growth rates versus last year, and higher growth rates for debit over credit on both purchases and transactions.

In the Labor Department's Dec. 13 update, the [Consumer Price Index \(CPI\)](#) was up 0.1% for the month of November, bringing the 12-month rate of inflation to 7.1%. The primary increase was in the housing sector, with a small increase in food, while the energy index decreased 1.6% for the month. The Federal Reserve increased interest rates by 0.50% on Dec. 14, marking five straight months of increases to close the year before meeting again on Feb. 1. The Bureau of Labor Statistics (BLS) [reported](#) in its November 2022 jobs report that 263,000 jobs were added for the month, showing continued strength in the labor market, as the unemployment rate remain unchanged at 3.7%. The [Consumer Confidence Index](#) decreased for the second consecutive month, now at 100.2 (1985=100) for November, down from 102.5 in October. Inflationary pressures, especially impacting food and energy costs, continue to weigh heavily on consumers in the survey. While consumers cite high gas prices in November, the national average price per gallon of gasoline has dropped to [\\$3.23](#) for the week ending Dec. 12, which represents a 2.3%, or \$0.08, decrease year over year.

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.

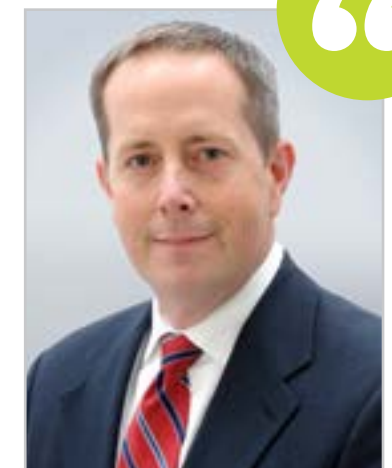
OVERALL PERFORMANCE – NOVEMBER 2022



KEY TAKEAWAYS

- Consumer spending on payment cards, while still positive, saw slowing growth in November. Credit card results continued to deflate as the year progressed, while debit card growth remained lower than credit cards throughout 2022. For November, credit purchases were up 5% and debit purchases were up 3% year over year. Year to date through November, credit purchases were up 16% and debit purchases were up 5%. Inflationary pressures continue to contribute to growth in purchases, outpacing growth in transactions. For November, growth in overall transactions was up 4% for credit and 1% for debit.
- The Consumer Price Index (CPI-U) decreased on an annual basis to 7.1% in November, influenced by higher prices in housing and a small increase in food, which was offset by a 1.6% decrease in the energy index. The Fed met on Dec. 13-14 and increased interest rates for the fifth straight month with an increase of 50 basis points.
- Holiday spending in the Goods sector remained soft throughout November. Year-over-year growth in purchases for the overall Goods sector was down 1.6% for credit and up 1.3% for debit in November. For the five-day peak shopping period that includes Black Friday and Cyber Monday, growth in debit purchases (+1.4%) outpaced growth in credit purchases (+1.0%). Also during this five-day period, growth in purchases for select “experience categories” posted strong results, including cruises (credit +79% and debit +75%), travel agencies/tour operators (credit +67% and debit +39%) and professional sporting events (credit +34% and debit +35%).
- The November average credit card balance per active account was \$2,863, up 6.6% (or \$177) year over year. Credit card balances surpassed the September 2020 results of \$2,787 for the third time since the decline in card balances that began in early 2020. The credit card delinquency rate for November was 1.92%, five basis points lower than pre-pandemic November 2019 levels.

While consumer spending on payment cards remained positive in November, inflationary pressures continue to impact growth in purchases, which again outpaced growth in transactions. Holiday spending in the Goods sector remained softer throughout November, likely attributable to a combination of economic uncertainty and the shift to more experiential gifts. As we close out the holiday shopping season, we will continue to monitor if consumers have delayed their holiday spending to later in the season, along with where they choose to spend.



— **Norm Patrick, Vice President,**
Advisors Plus Consulting at PSCU

DEEP DIVE: DEEP DIVE: HOLIDAY SPENDING PART 2

We are well into the holiday shopping season, with the influential events of Black Friday through Cyber Monday complete. In the second installment of our Deep Dive on holiday spending, we see consumer spending in the Goods sector – traditionally the bellwether of holiday spending – showing slower growth when compared to 2021. Year-over-year growth in purchases in the Goods sector was down 1.6% for credit cards and up 1.3% for debit cards in November. Like October, transaction growth in the Goods sector was higher than growth in purchases, with credit transactions up 0.2% and debit transactions up 3.5%.

For the cumulative holiday season thus far (October and November), year-over-year credit purchases were up 1.1%, versus being up 14.3% at this point last year, while debit purchases were up 3.0%, compared to being up 10.0% at this point last year. In [2021](#), we experienced an increase in early spending due to anticipated supply chain shortages, which is fortunately less of an issue this year, as well as pent-up “revenge” spending stemming from the COVID-19 pandemic.

While performance varies between the three featured large retailers (Amazon, Target and Walmart), they all follow a similar trend as the overall Goods sector, with slower results over the cumulative holiday period of October and November. In November, Amazon posted credit purchases up 4.8% and debit purchases down 0.6% compared to November 2021. Growth in transactions at Amazon was up 4.6% for credit and up 0.4% for debit year over year. For Target, credit purchases were down 2.1% and debit purchases were down 1.3% compared to November 2021. Growth in transactions at Target was down 2.5% for credit and down 1.3% for debit year over year. At Walmart, credit purchases were up 5.0% and debit purchases were up 3.8% compared to November 2021. Growth in transactions at Walmart was up 2.3% for credit and up 0.5% 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 reviewing the spending-intensive five-day period from Thanksgiving Day through Cyber Monday, results varied when comparing overall spending to spending in the Goods sector. For overall purchases, growth in credit purchases was up 3.6%, outpacing

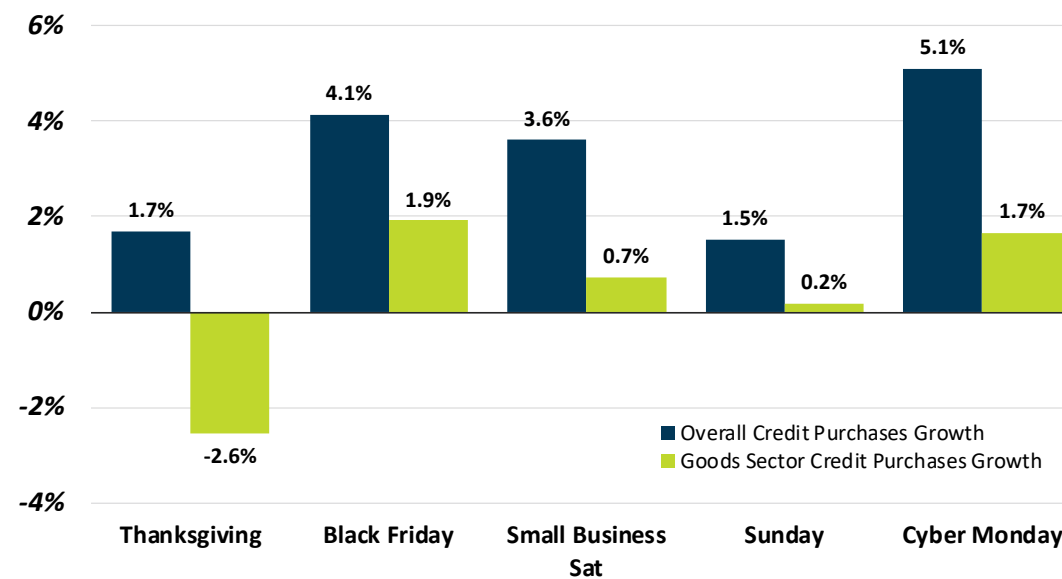
NOTABLE NON-GOODS SECTOR THANKSGIVING DAY TO CYBER MONDAY (FIVE DAY) YEAR-OVER-YEAR GROWTH

Merchant Category	Transactions		Purchases	
	Credit	Debit	Credit	Debit
Cruise Lines	68%	63%	79%	75%
Travel Agencies and Tour Operators	32%	8%	67%	39%
Government Owned Lotteries	53%	36%	62%	39%
Pro Sports Clubs/Commercial Sports	52%	60%	34%	45%
Amusement Parks	19%	2%	21%	3%

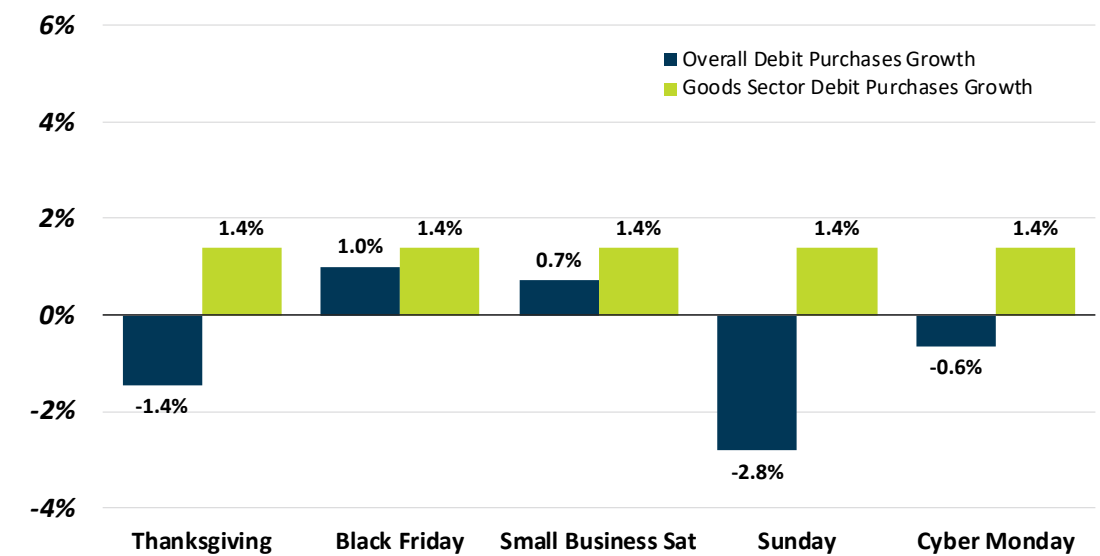


growth in debit card purchases, which was down 0.5% compared to the same five-day period in 2021. For Goods sector purchases, growth in debit purchases was up 1.4%, finishing slightly ahead of growth in credit purchases, which was up 1.0% year over year. For each of the five days for credit and debit, growth in transactions outpaced growth in purchases with one exception: Cyber Monday. For Cyber Monday, growth in credit purchases was up 1.7%, outpacing growth in credit transactions, which was up 1.0%. This was the only day with an increase in average purchase for this credit subset.

THANKSGIVING DAY TO CYBER MONDAY YEAR-OVER-YEAR GROWTH IN CREDIT PURCHASES BY DAY



THANKSGIVING DAY TO CYBER MONDAY YEAR-OVER-YEAR GROWTH IN DEBIT PURCHASES BY DAY



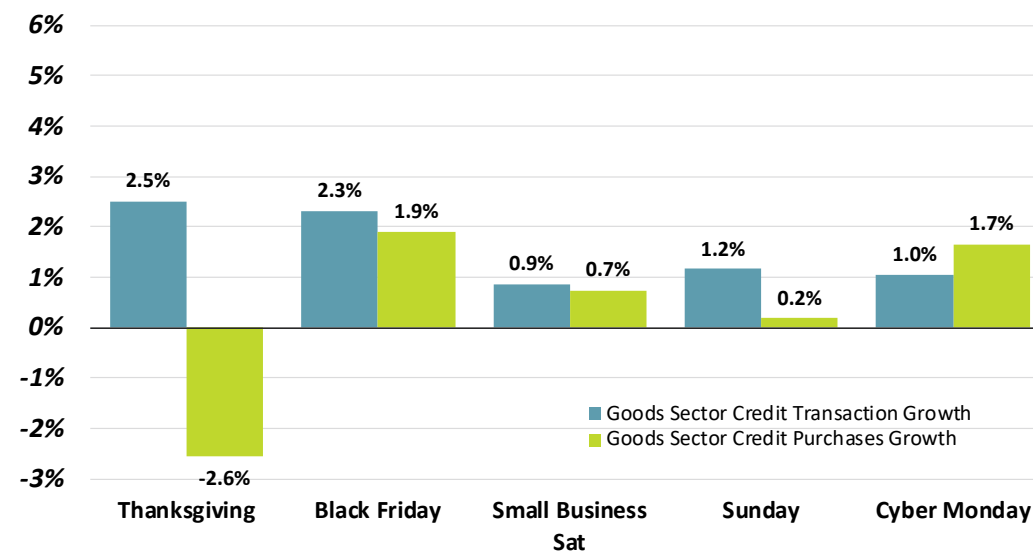
To determine whether consumers are spending less this holiday season versus shifting away from purchases in the Goods sector to more experiential gifts, we explored several other merchant categories in the Travel and Entertainment sectors. A few notable merchant types that could represent “experience” gifts include cruise lines, travel agencies/tour operators, lottery tickets, professional sporting events and amusement parks. All of these categories experienced a notable increase in purchases and transactions for the five-day period of Thanksgiving Day through Cyber Monday.



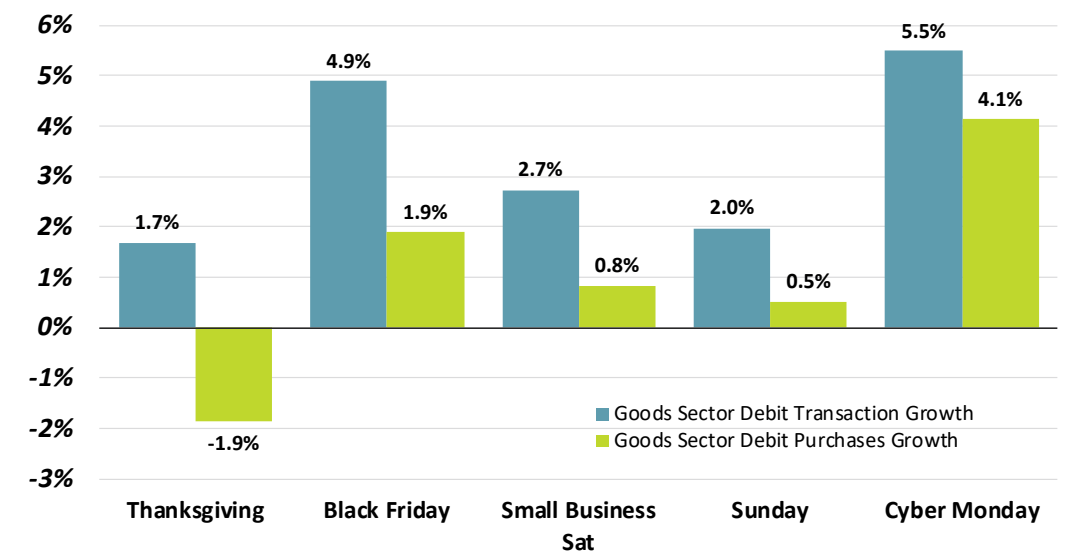
To answer the question as to whether consumers are not spending this holiday season versus shifting away from purchases in the Goods Sector, we look to a few other merchant categories in the Travel and Entertainment sectors. A few notable merchant categories that could represent “experience” gifts include Cruise Lines, Travel Agencies/Tour Operators, Lottery Tickets, pro sporting events and Amusement Parks. All of these have a notable increase in purchases and transactions for the five-day period of Thanksgiving Day through Cyber Monday.

A recent [CNBC consumer survey](#) reports 41% of consumers expect to spend less this holiday season – and, so far, consumers appear to be purchasing fewer goods. This trend could be the result of persistent inflation and/or shifting of consumer gift giving activities to other non-Goods sector purchases. In the third and final part of our Deep Dive on Holiday Spending next month, we’ll see if consumers have delayed their holiday spending to later in the season and where holiday shoppers chose to spend – whether in the traditional Goods sector or elsewhere.

THANKSGIVING DAY TO CYBER MONDAY YEAR-OVER-YEAR GROWTH IN GOODS SECTOR BY DAY - CREDIT



THANKSGIVING DAY TO CYBER MONDAY YEAR-OVER-YEAR GROWTH IN GOODS SECTOR BY DAY - DEBIT



HOLIDAY SALES PART 2: GOODS SECTOR AND LARGE RETAILERS

October/November 2022 v 2021

Credit

Transaction Growth	Oct. 2022	Nov. 2022	Cumulative Holiday Period
Goods Sector (Overall)	5.7%	0.2%	2.8%
Amazon	10.7%	4.6%	7.5%
Target	0.9%	-2.5%	-0.9%
Walmart*	4.8%	2.3%	3.5%

Debit

Oct. 2022	Nov. 2022	Cumulative Holiday Period
6.7%	3.5%	5.0%
6.3%	0.4%	3.2%
-2.2%	-1.3%	-1.7%
2.3%	0.5%	1.4%



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Credit

Purchases Growth	Oct. 2022	Nov. 2022	Cumulative Holiday Period
Goods Sector (Overall)	4.1%	-1.6%	1.1%
Amazon	15.7%	4.8%	9.7%
Target	1.5%	-2.1%	-0.5%
Walmart*	8.4%	5.0%	6.5%

Debit

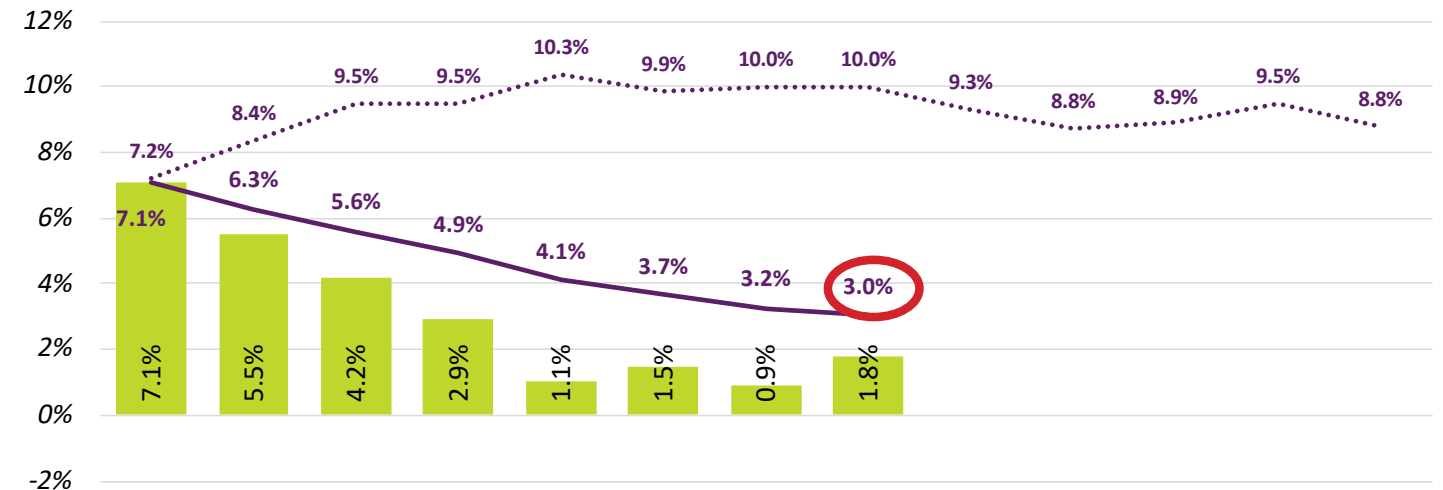
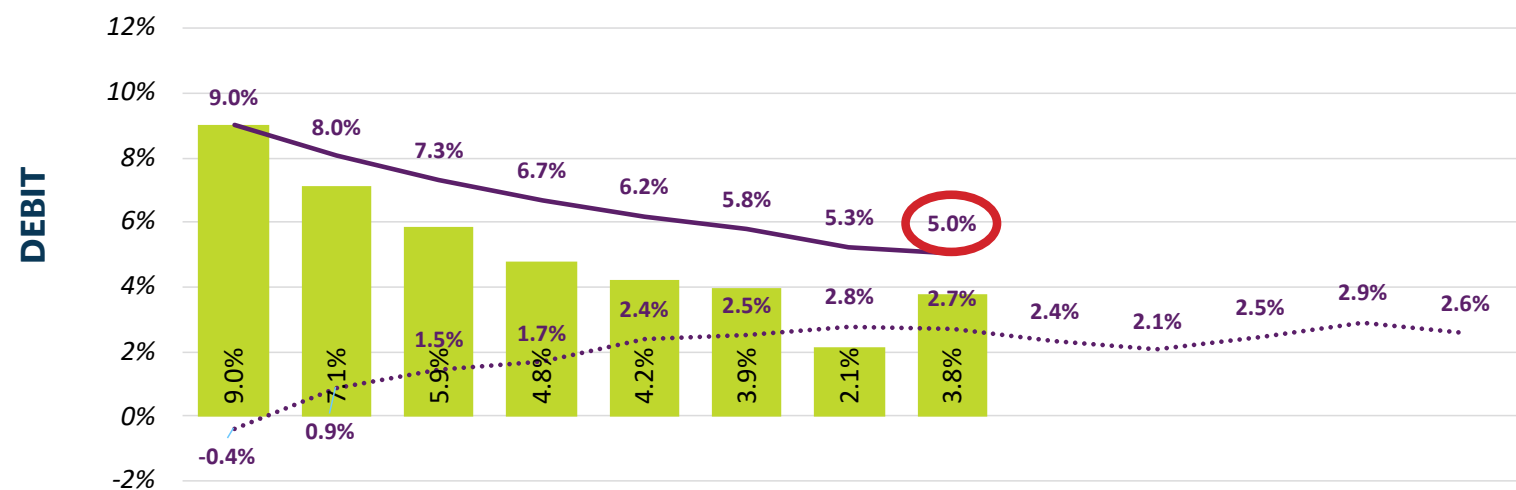
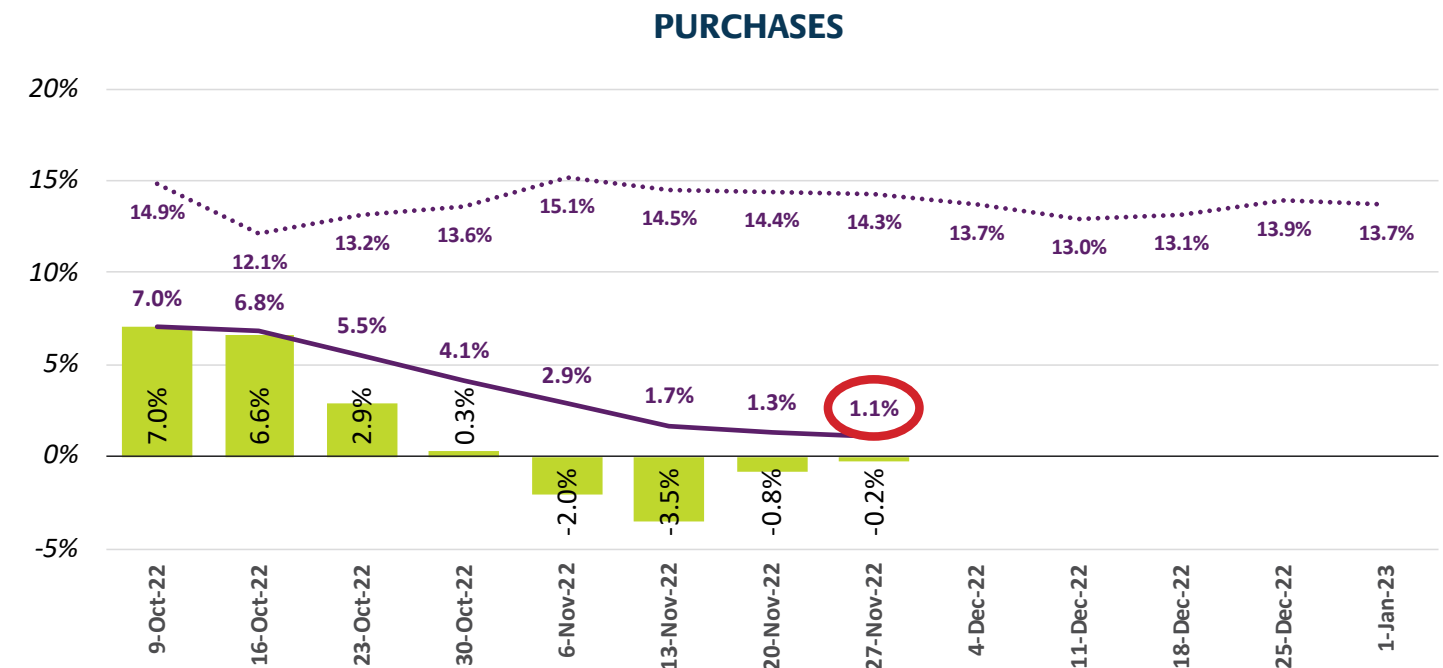
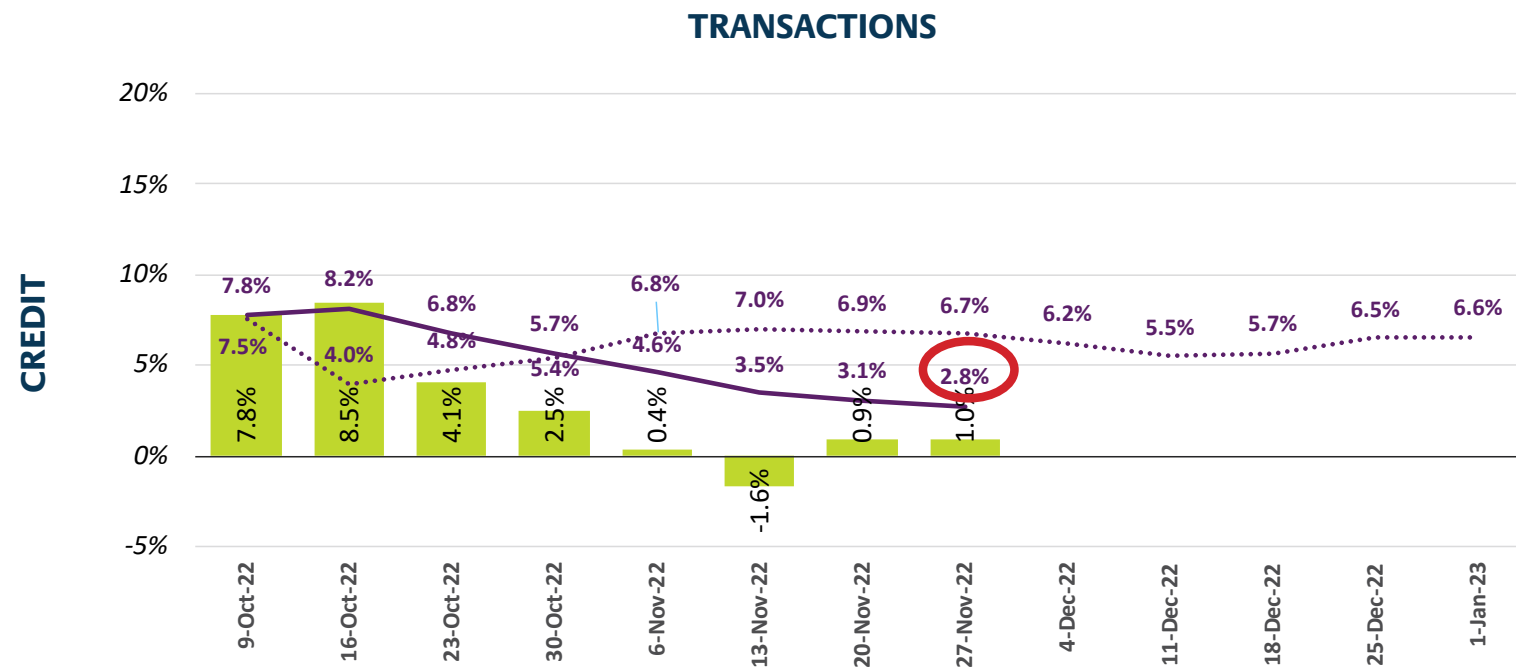
Oct. 2022	Nov. 2022	Cumulative Holiday Period
4.9%	1.3%	3.0%
10.1%	-0.6%	4.3%
-1.2%	-1.3%	-1.3%
6.5%	3.8%	5.1%

*Less Gasoline

HOLIDAY SEASON PURCHASES: GOODS SECTOR

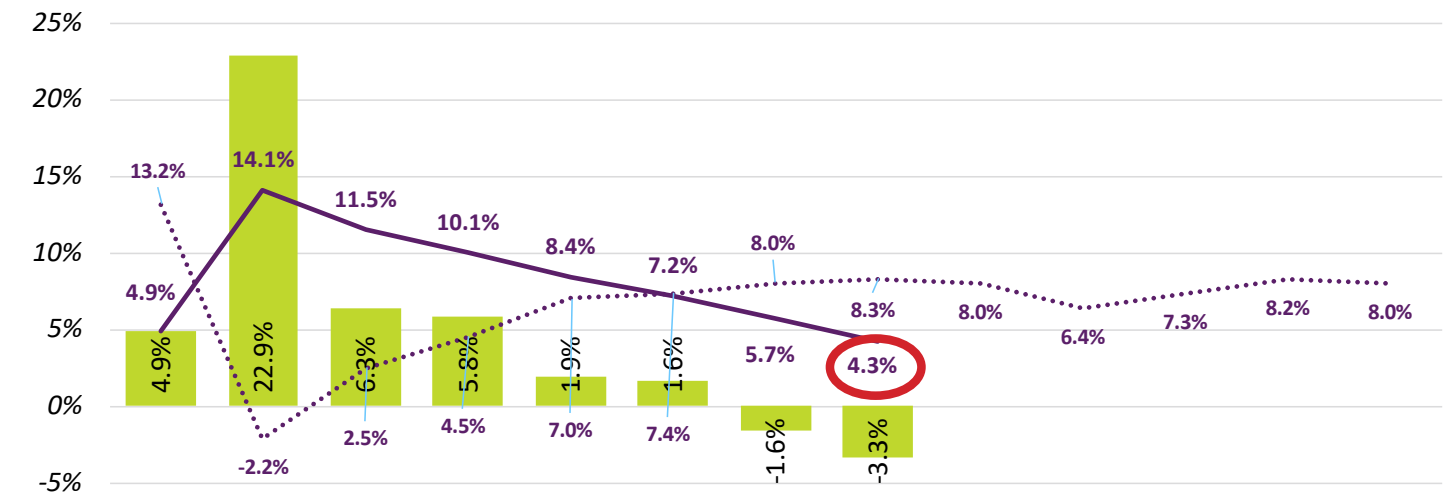
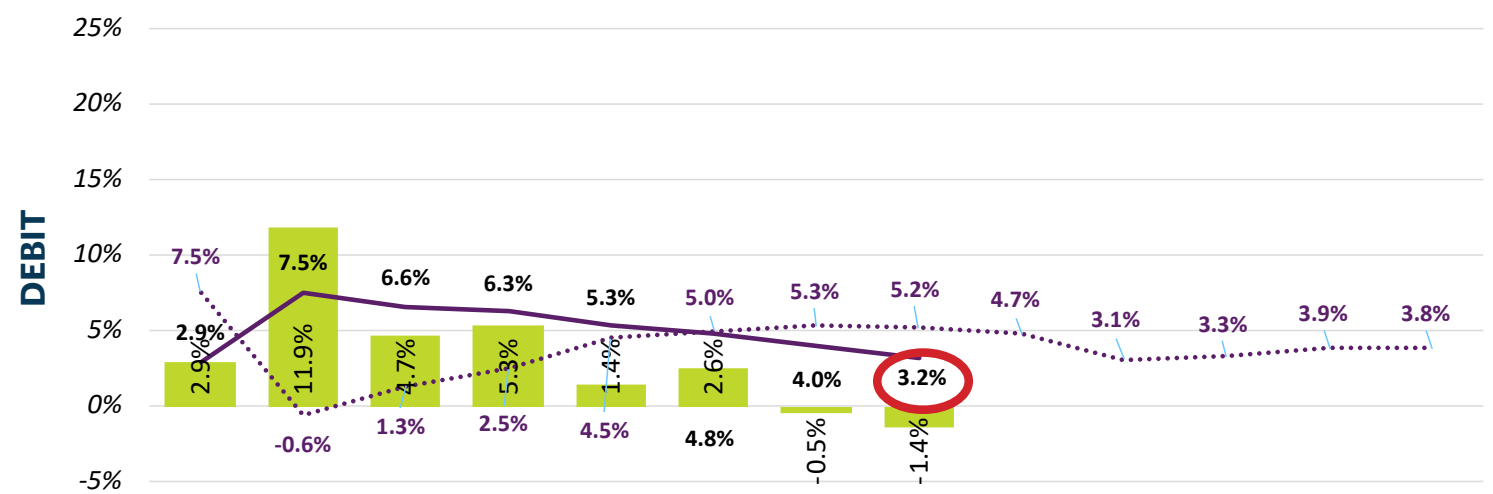
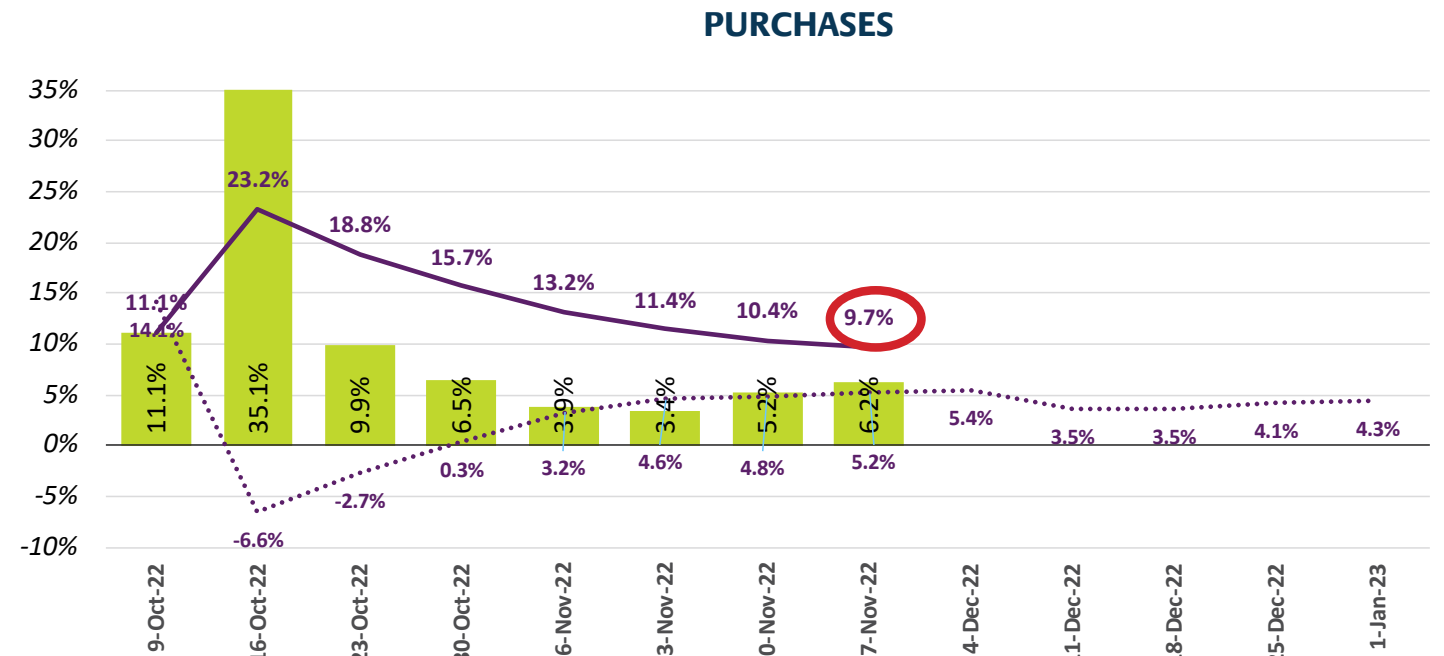
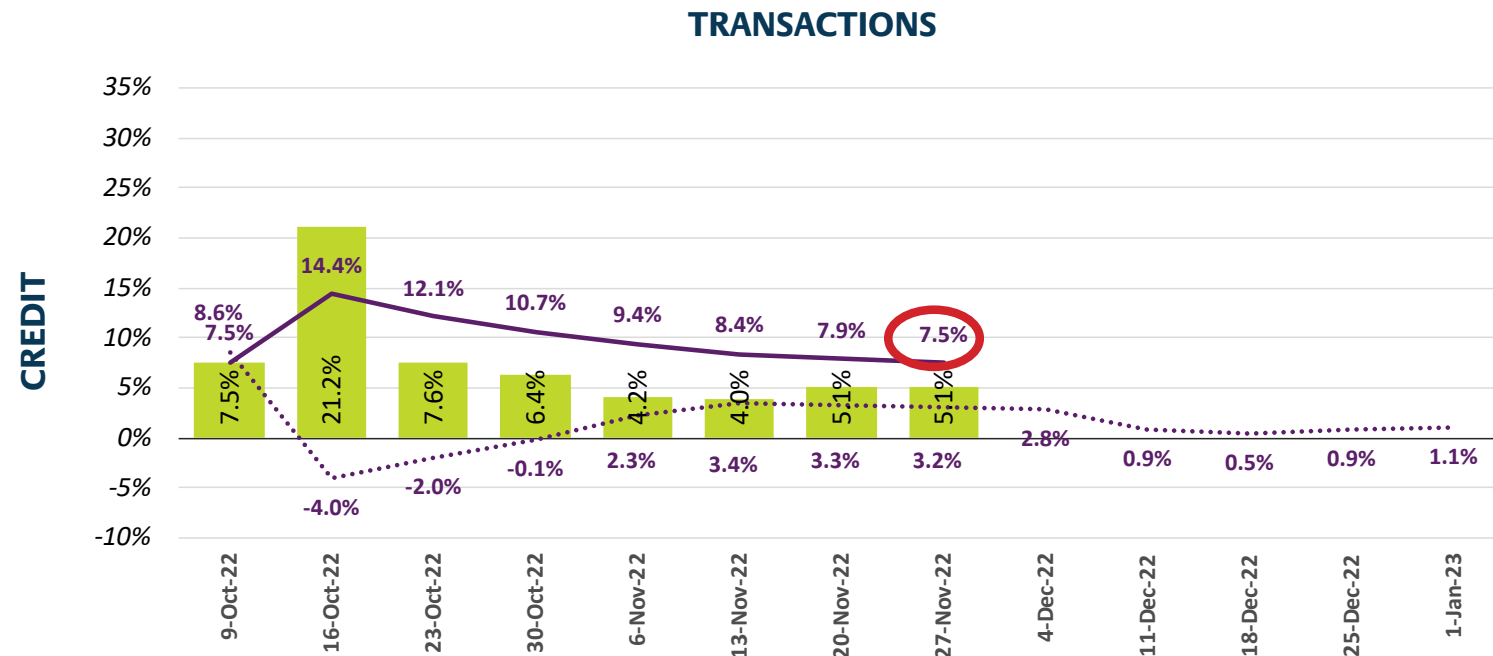
2022 WEEKLY RESULTS COMPARED TO 2021

CUMULATIVE



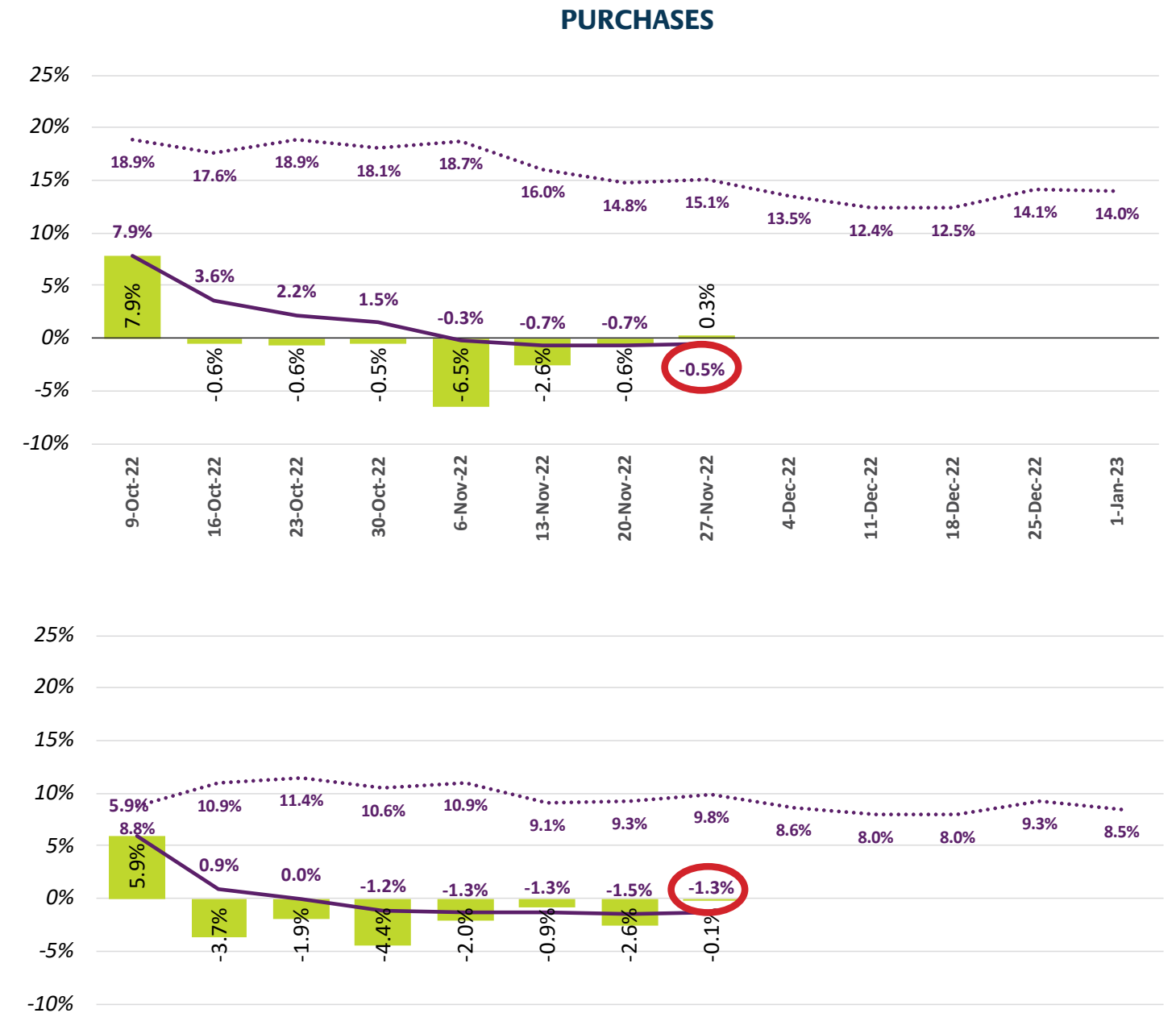
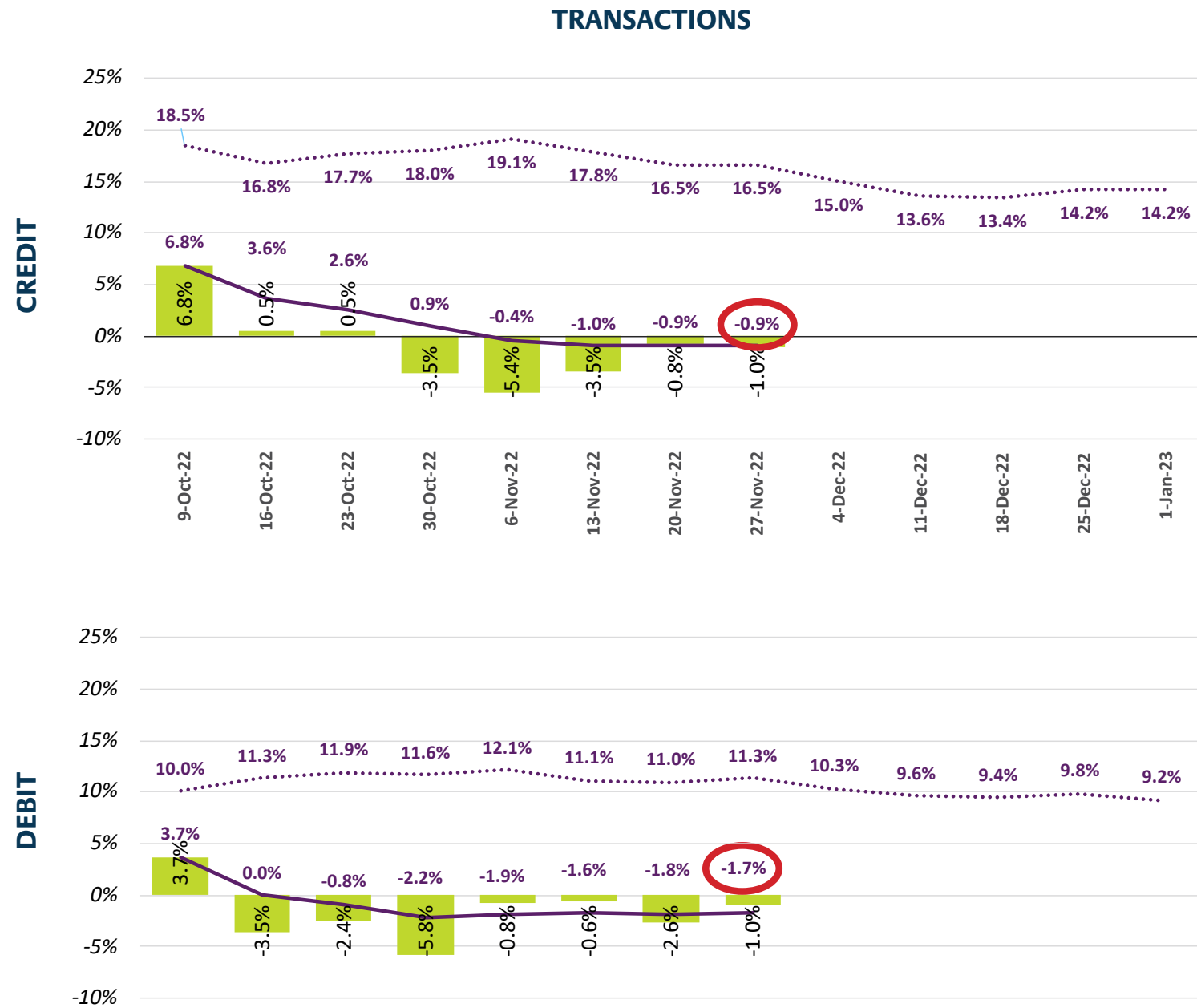
HOLIDAY SEASON PURCHASES: AMAZON 2022 WEEKLY RESULTS COMPARED TO 2021

CUMULATIVE



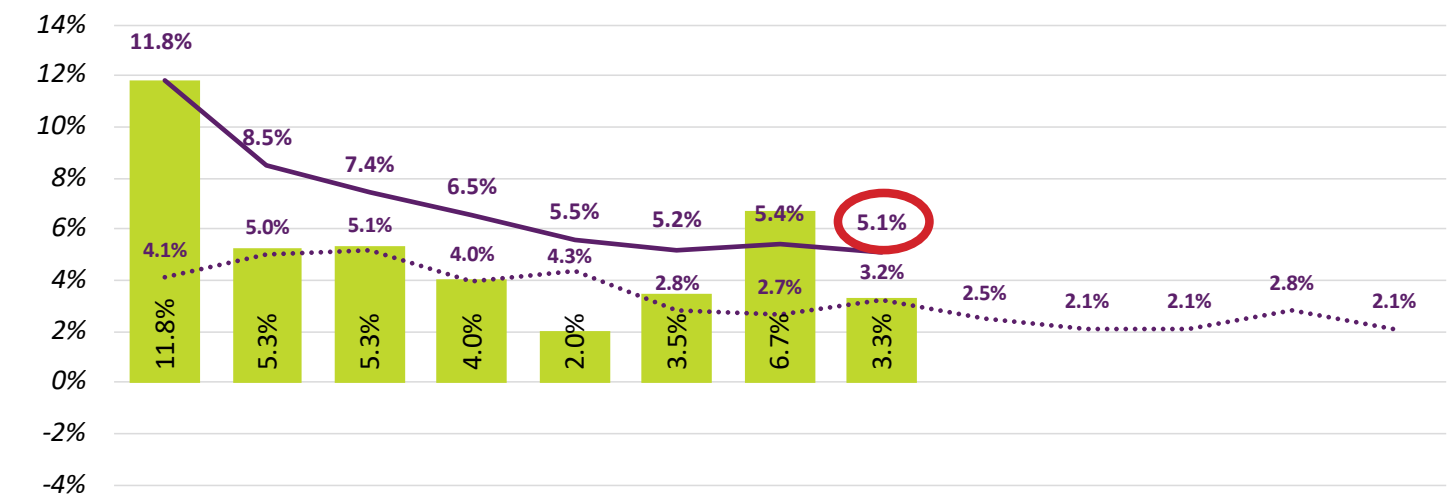
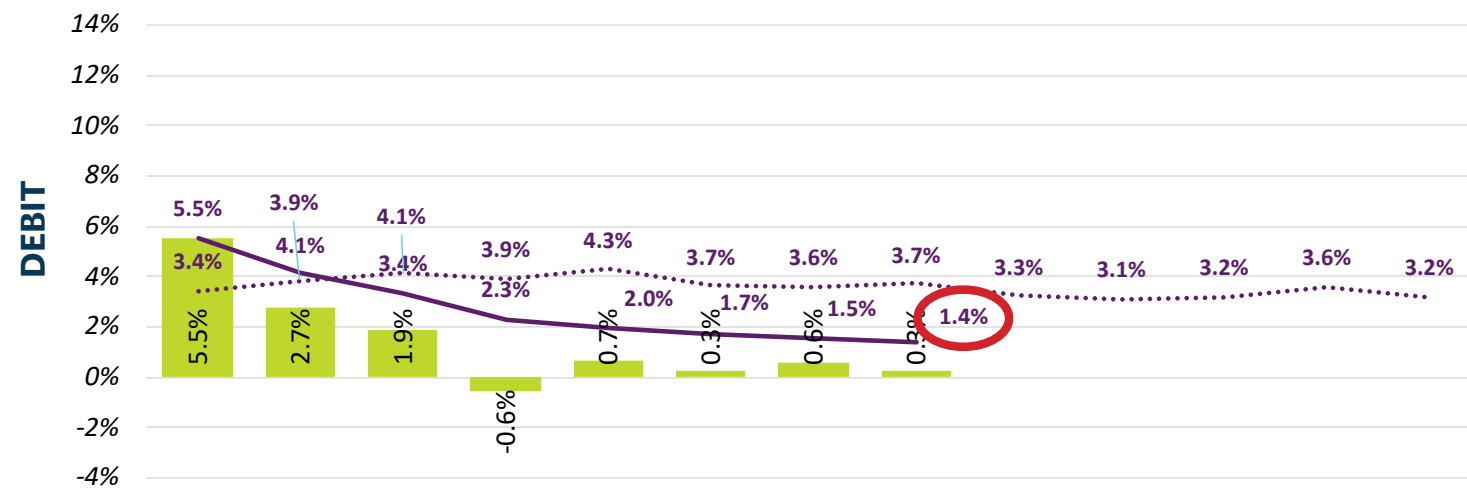
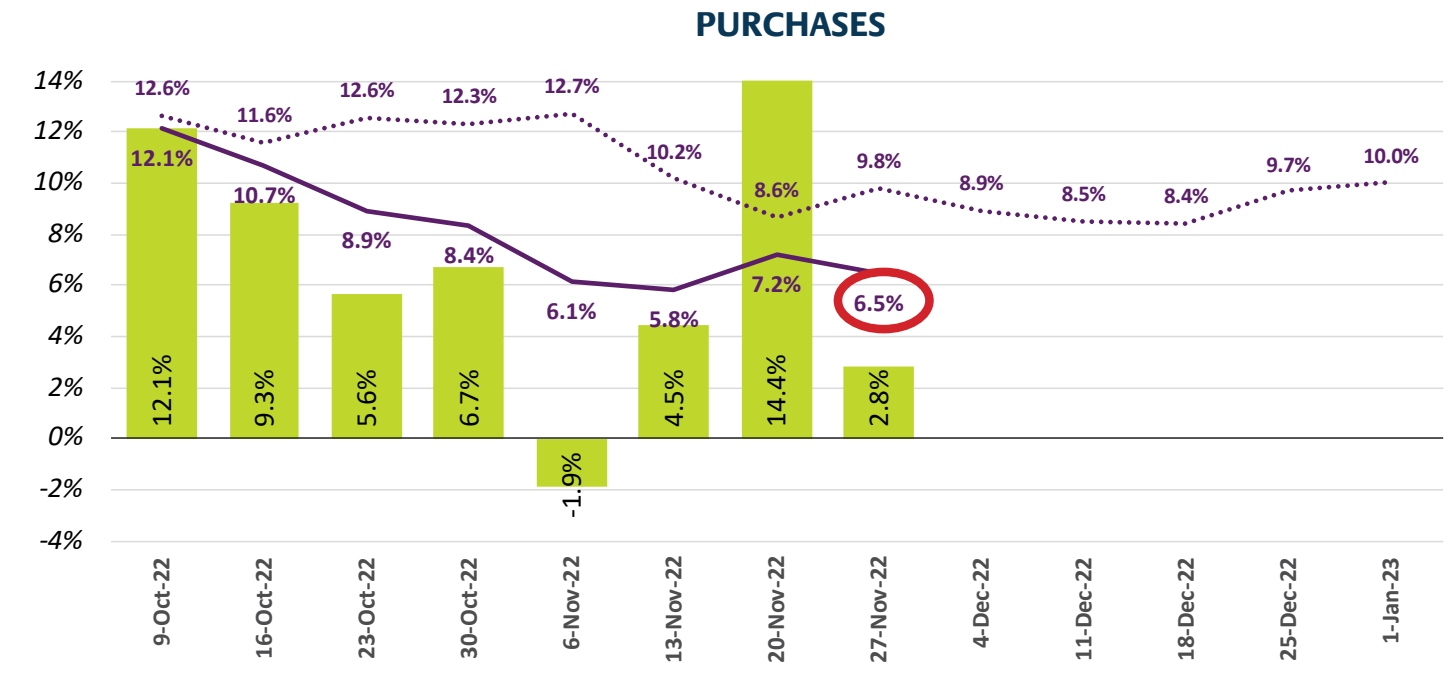
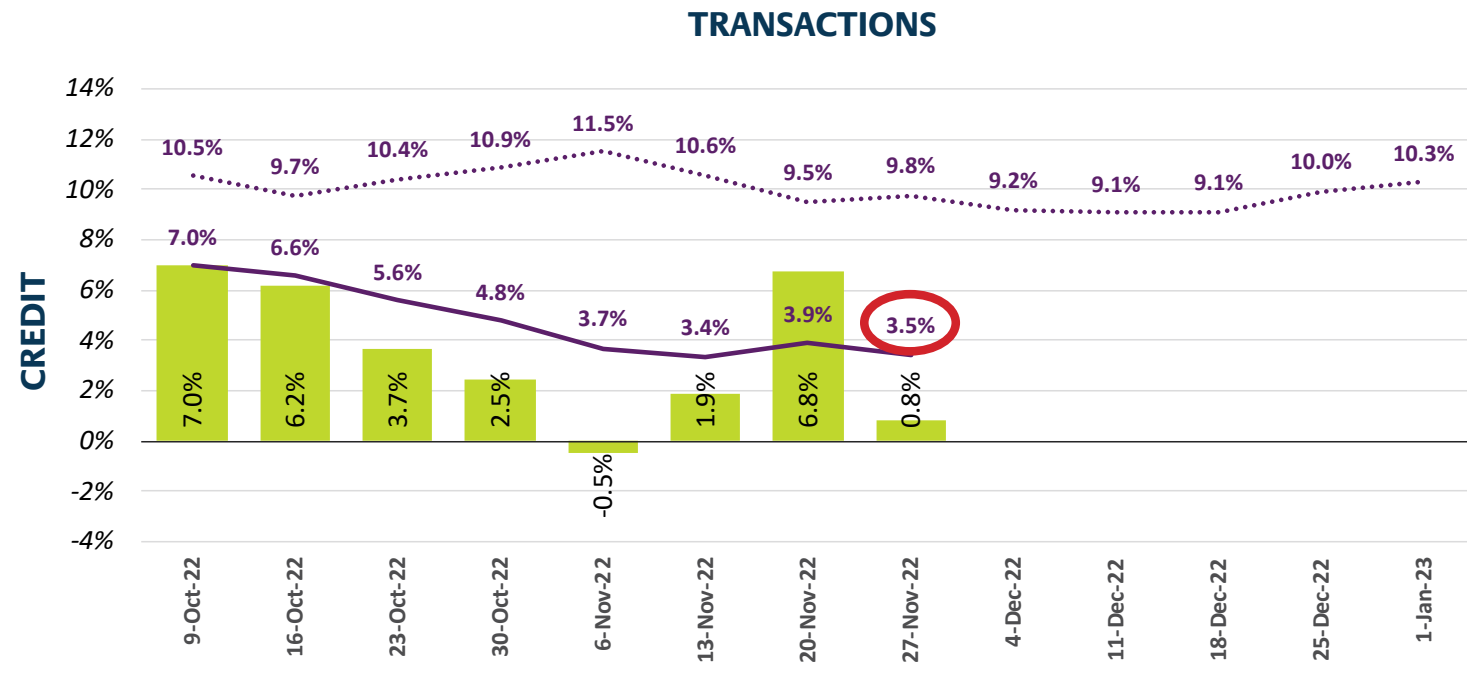
HOLIDAY SEASON PURCHASES: TARGET 2022 WEEKLY RESULTS COMPARED TO 2021

CUMULATIVE



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

CUMULATIVE

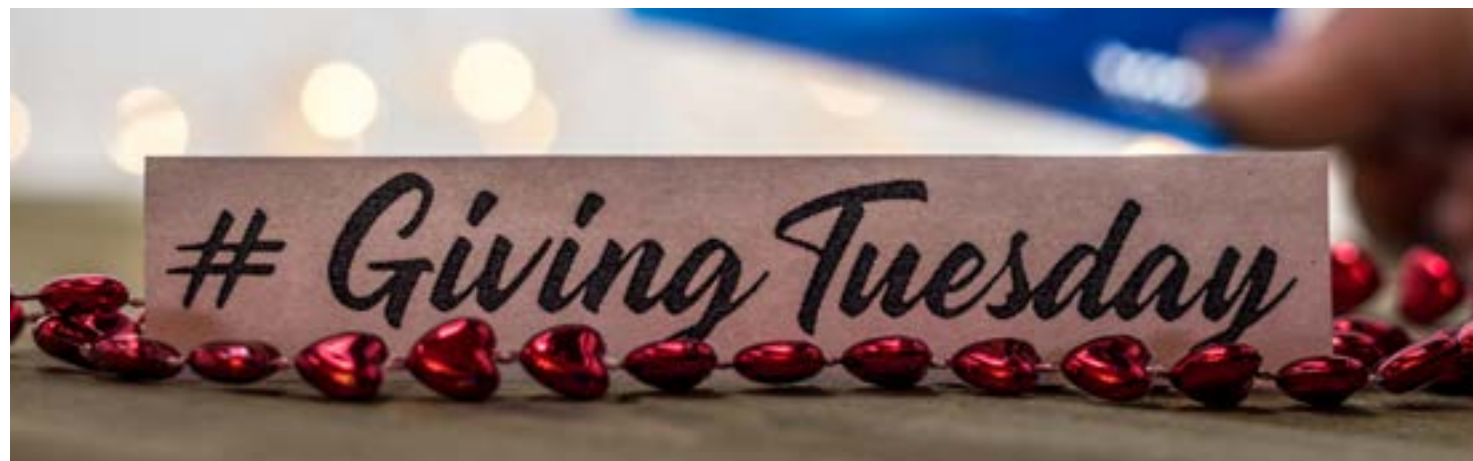


CHECKING IN: CHARITABLE AND SOCIAL ORGANIZATIONS CONTRIBUTIONS

Payment activity in the Charitable and Social Organizations merchant category was up at the start of 2022 and appears to have peaked in March, [after the start of the war in Ukraine](#). For March 2022, credit purchases peaked with year-over-year growth up 33%, while growth in debit purchases peaked in February with year-over-year growth up 9%. Since that time, there has been a slow reduction in purchases and transactions through November. Giving Tuesday, the day after Cyber Monday during the peak holiday shopping period, typically marks the annual daily highpoint for contributions.

This year, the results for Giving Tuesday were considerably lower compared to the results from 2021. For Giving Tuesday 2022 (Nov. 29), credit purchases in the Charitable and Social Organization merchant category were down 22% and debit purchases were down 23%. Transactions were down more for credit (-22%) compared to debit transactions (-19%).

As 2022 progressed, the inflationary impacts affecting all consumers also appear to be influencing this merchant category. For November 2022, credit purchases were down 2% and debit purchases were down 8% compared to November 2021. Credit transactions were down 1% year over year for November 2022, while debit transactions were down 5%. Year to date through



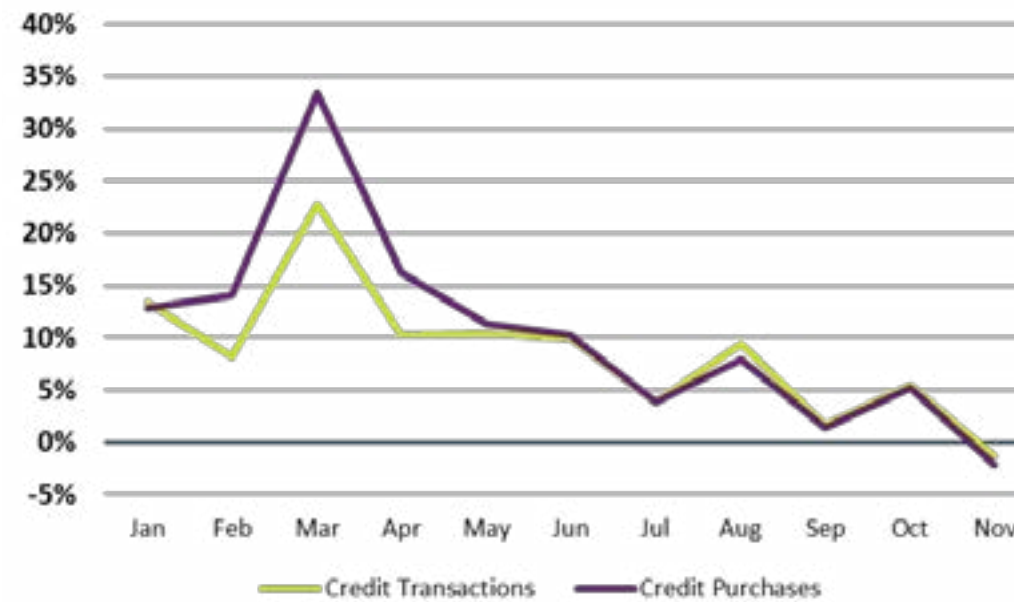
CHARITABLE & SOCIAL ORGANIZATIONS MERCHANT CATEGORY CODE: GROWTH AND AVERAGE PURCHASES

Timeframe		Giving Tuesday	November 2022	YTD 2022
Credit	Transactions	-23%	-1%	9%
	Purchases	-23%	-2%	11%
	Average Purchase Amount	\$114.16	\$81.70	\$82.81
	Average Purchase Growth	0.3%	-1%	2%
Debit	Transactions	-19%	-5%	2%
	Purchases	-23%	-8%	-1%
	Average Purchase Amount	\$68.22	\$62.32	\$66.87
	Average Purchase Growth	-5%	-4%	-3%

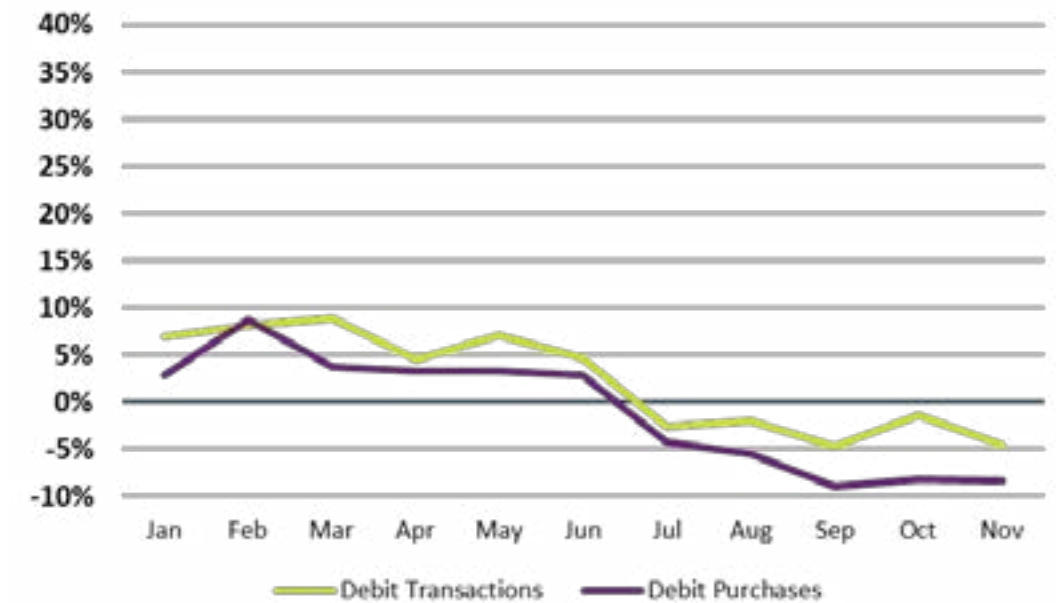
November, credit purchases were up 11%, with an average credit purchase of \$82.81, compared to 2021. Year-to-date debit purchases were down 1%, with an average debit purchase of \$66.87.

The average purchase amount in the Charitable and Social Organizations merchant category is seasonally higher at the end of the year for both credit and debit. This was especially evident on Giving Tuesday, when the average credit purchase amount was \$114.16, up 0.3% year over year, and the average debit purchase amount was \$68.22, down 5%. Year to date through November, the average credit purchase amount was \$81.70, down 2%, and the average debit purchase amount was \$66.87, down 3%.

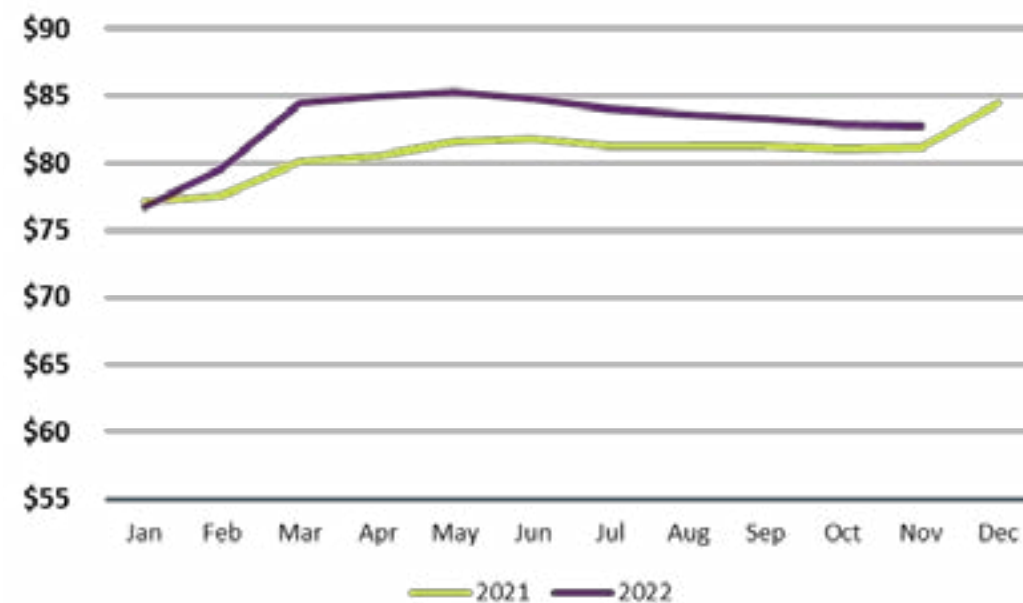
CHARITABLE & SOCIAL ORGANIZATIONS YEAR-OVER-YEAR GROWTH IN CREDIT



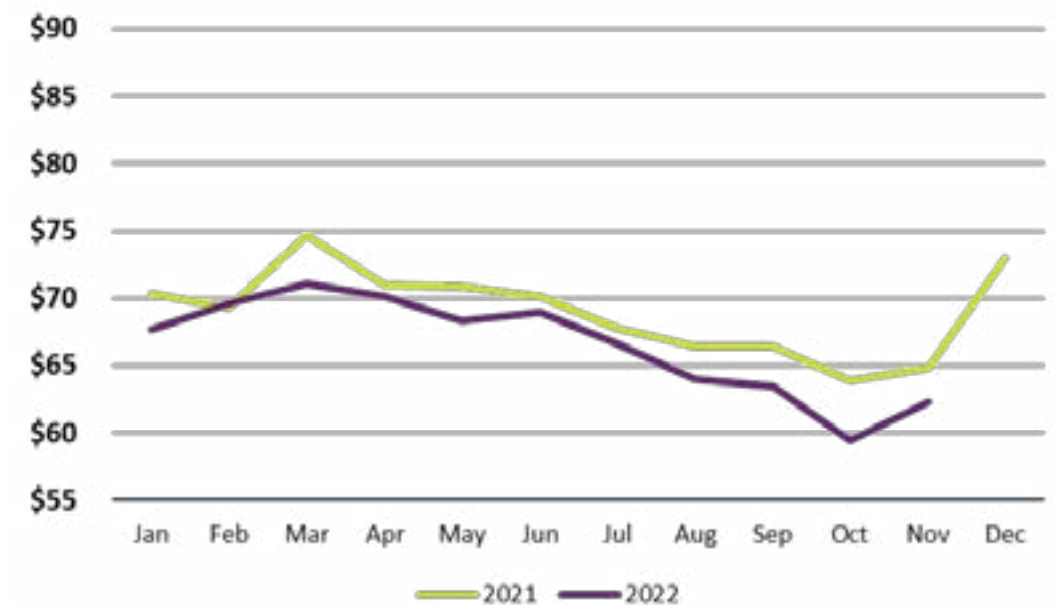
CHARITABLE & SOCIAL ORGANIZATIONS YEAR-OVER-YEAR GROWTH IN DEBIT



CHARITABLE & SOCIAL ORGANIZATIONS AVERAGE PURCHASE AMOUNT – CREDIT



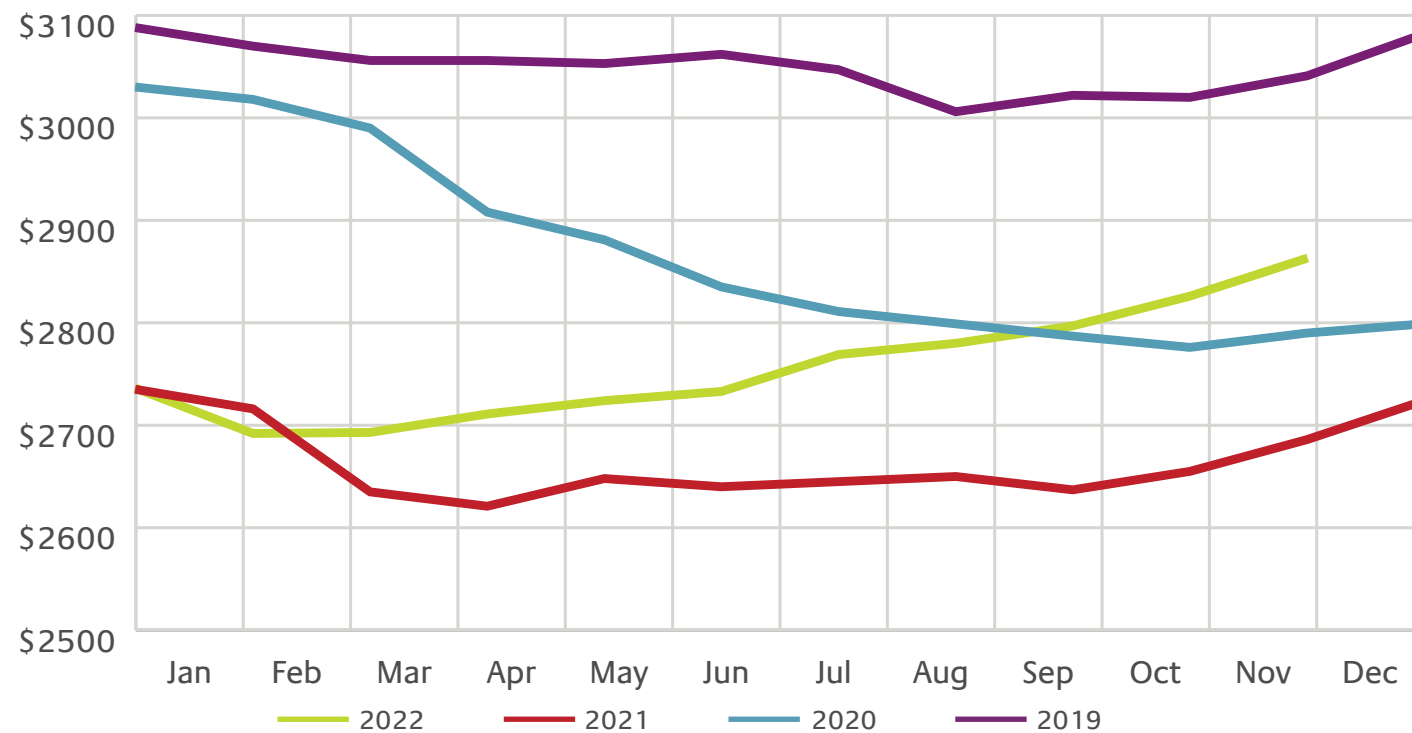
CHARITABLE & SOCIAL ORGANIZATIONS AVERAGE PURCHASE AMOUNT – DEBIT



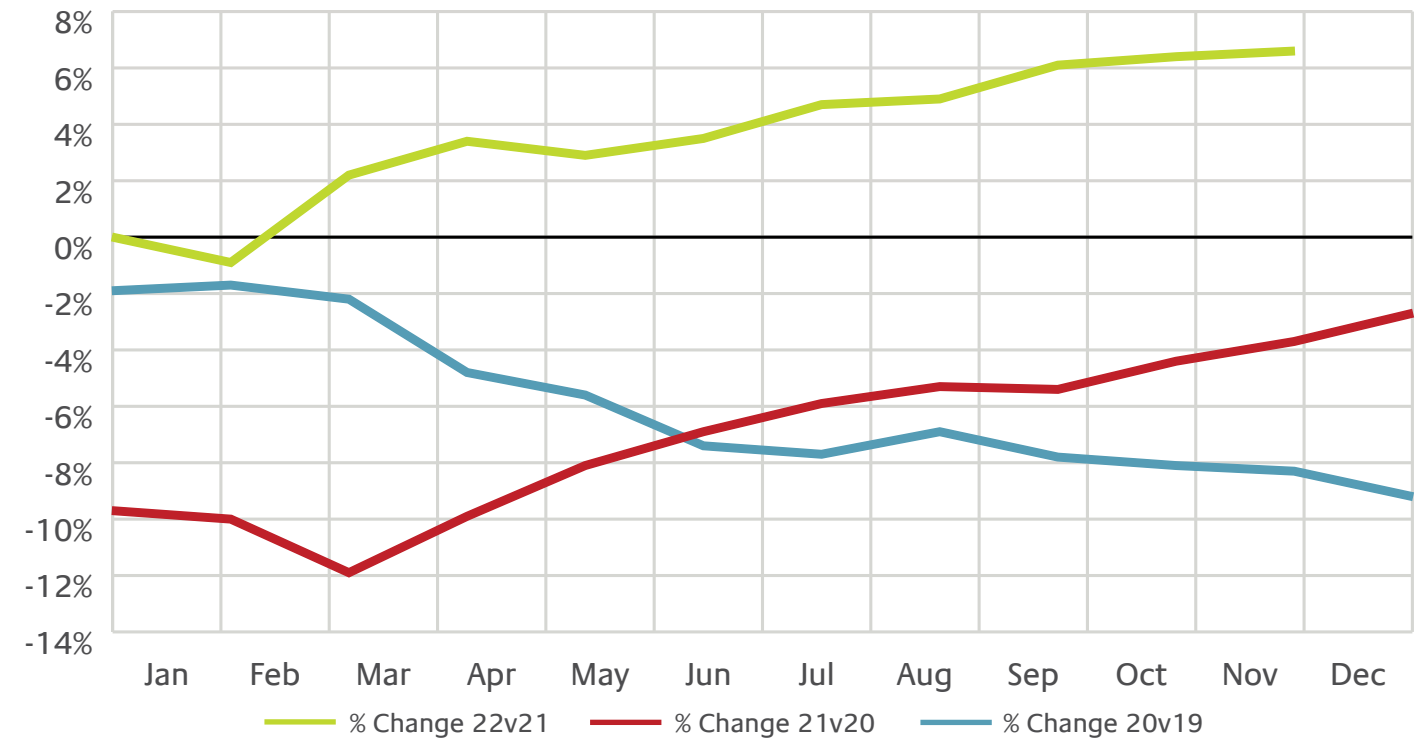
CREDIT CARD BALANCES

Average credit card account balances finished November 2022 at \$2,863, up 6.6% (or \$177) year over year and above November 2021 levels. Balances have now exceeded their November 2020 level by 2.6%. Year-over-year credit card balances per account have increased above 6% for the past three months. November 2022 marked the ninth consecutive month of positive year-over-year growth in balances.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT
November



PERCENTAGE CHANGE IN AVERAGE CREDIT CARD BALANCES
November

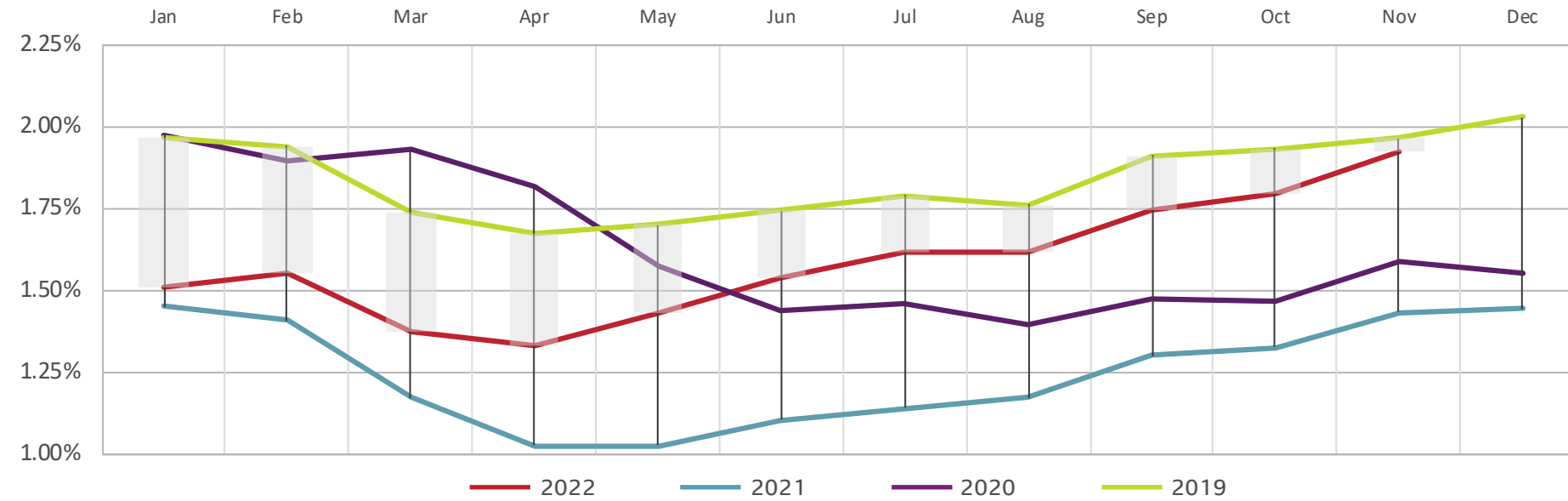


CREDIT CARD DELINQUENCIES

The November 2022 credit card delinquency rate finished at 1.92%. The gap between November 2022 and pre-pandemic November 2019 measured five basis points, the narrowest to date and a notable change from 14 basis points in October.

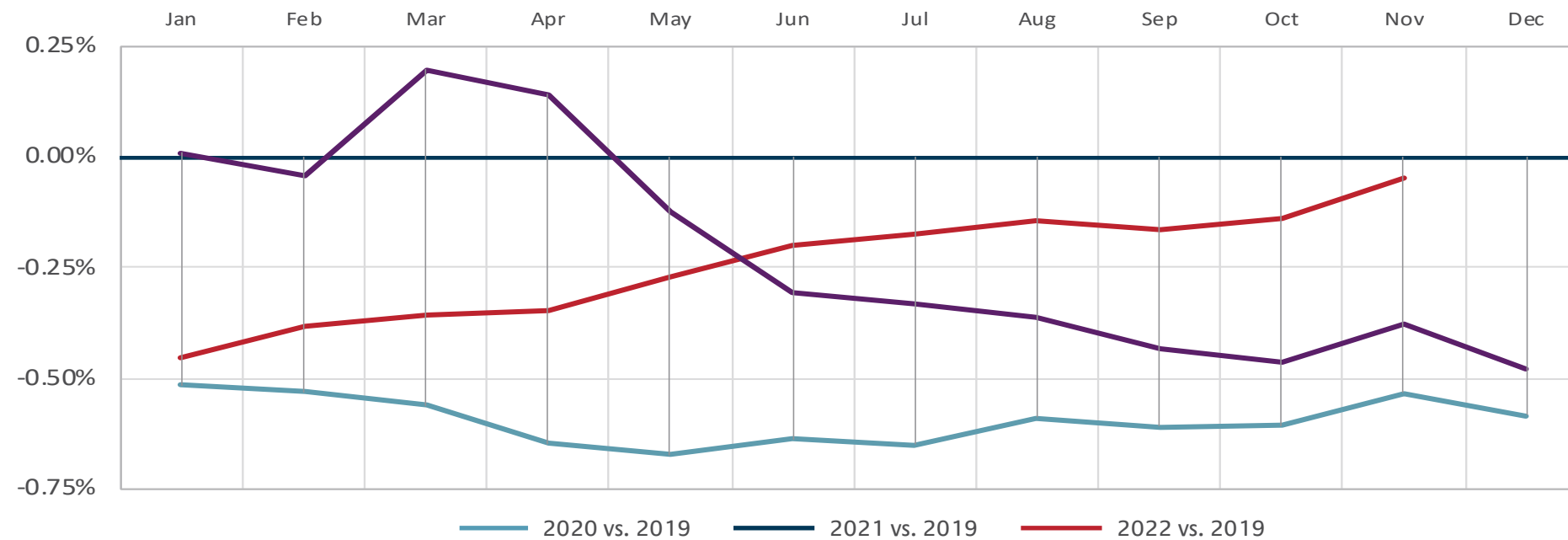
OVERALL CREDIT CARD DELINQUENCY RATE

November



CREDIT CARD DELINQUENCY RATES COMPARED TO 2019

November

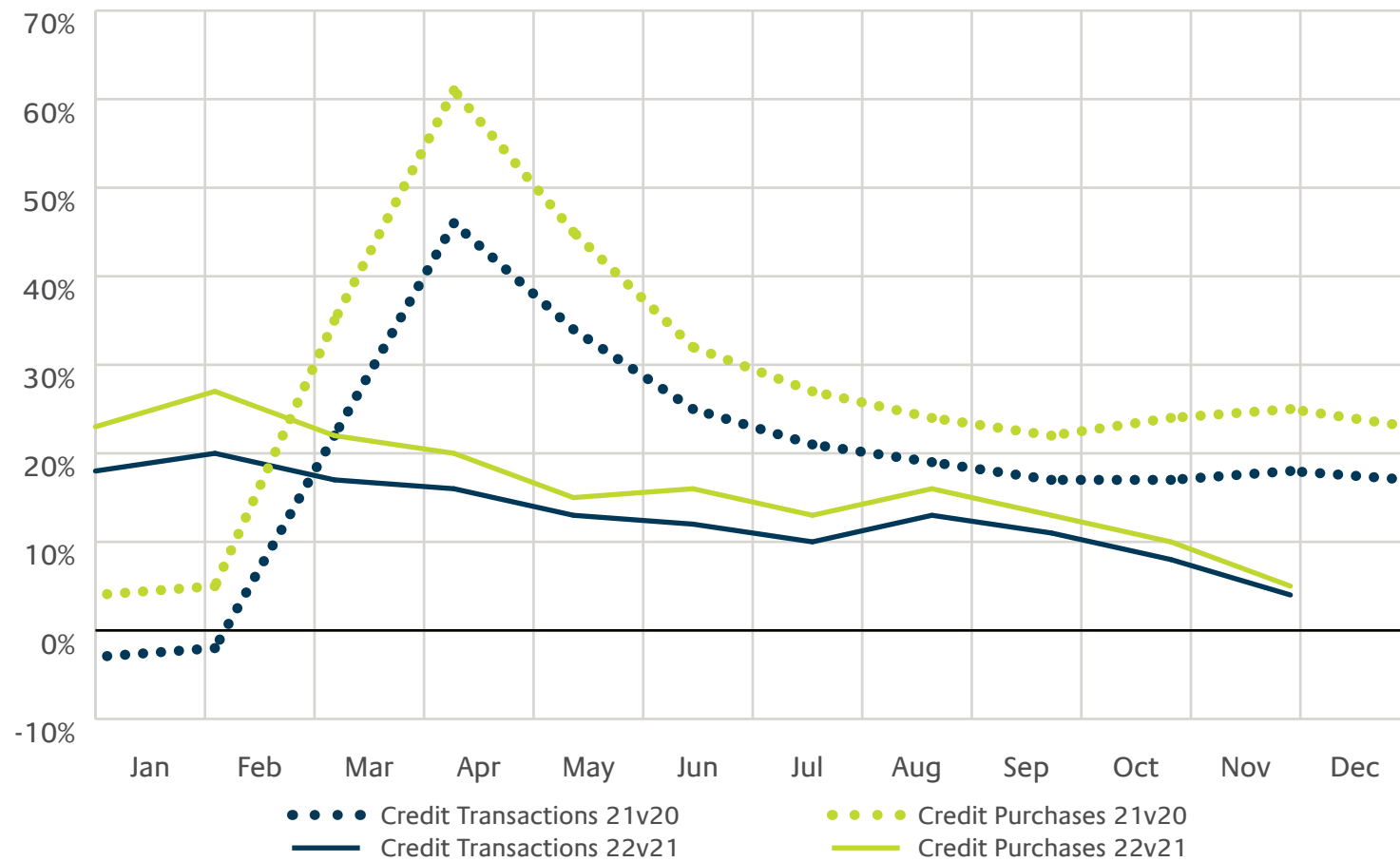


CREDIT AND DEBIT CARDS

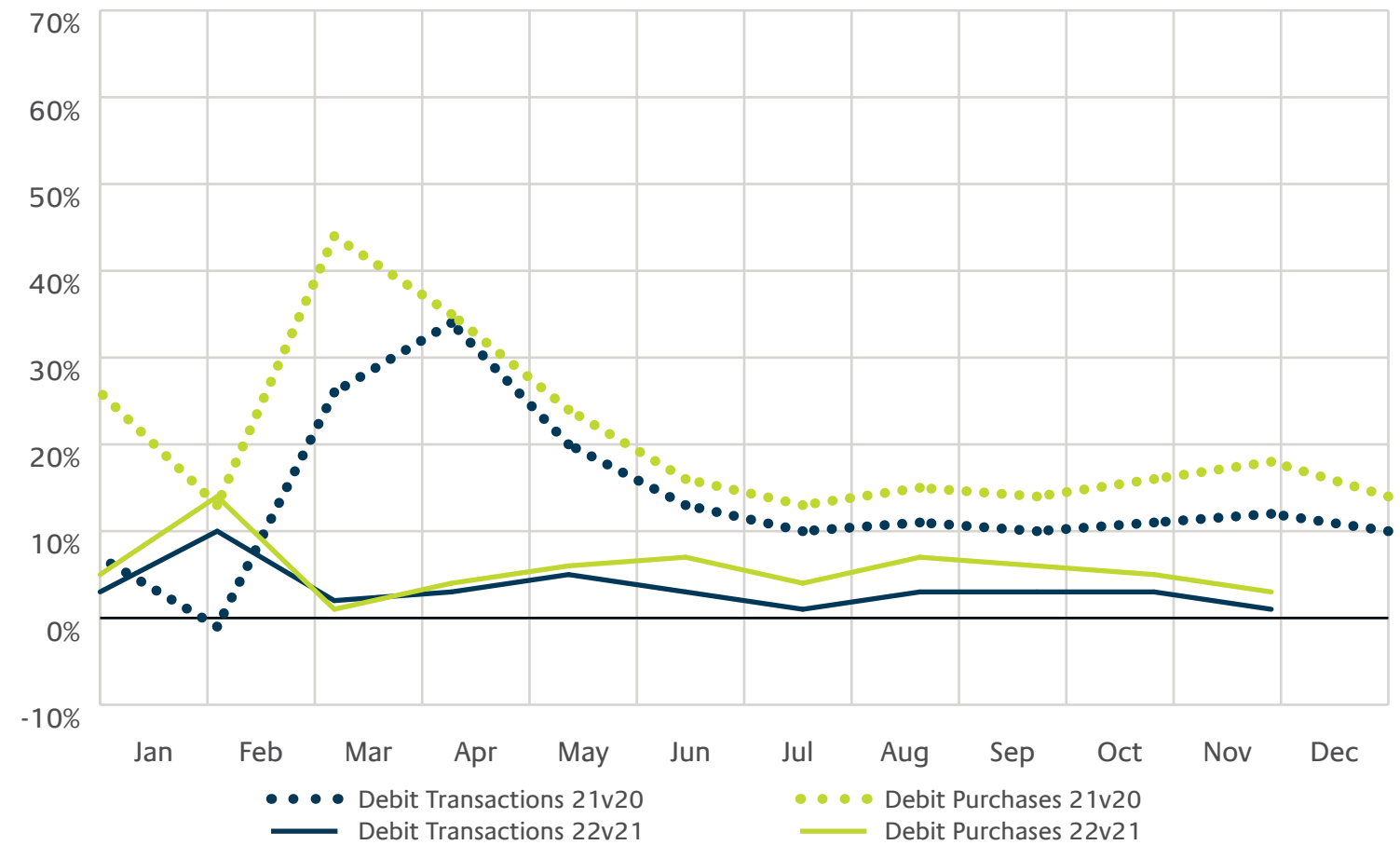
Consumer spending growth on credit cards fell from double-digit rates, with credit purchases up 5% over November 2021. Debit purchase growth measured 3%, the lowest level since March. Transactions continued to grow at a slower pace than purchases, with the volume of credit transactions up 4% and debit transactions up 1% compared to the same timeframe one year ago.

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2022 v 2021	4%	5%	1%	3%
2021 v 2020	18%	25%	12%	18%

CREDIT
November



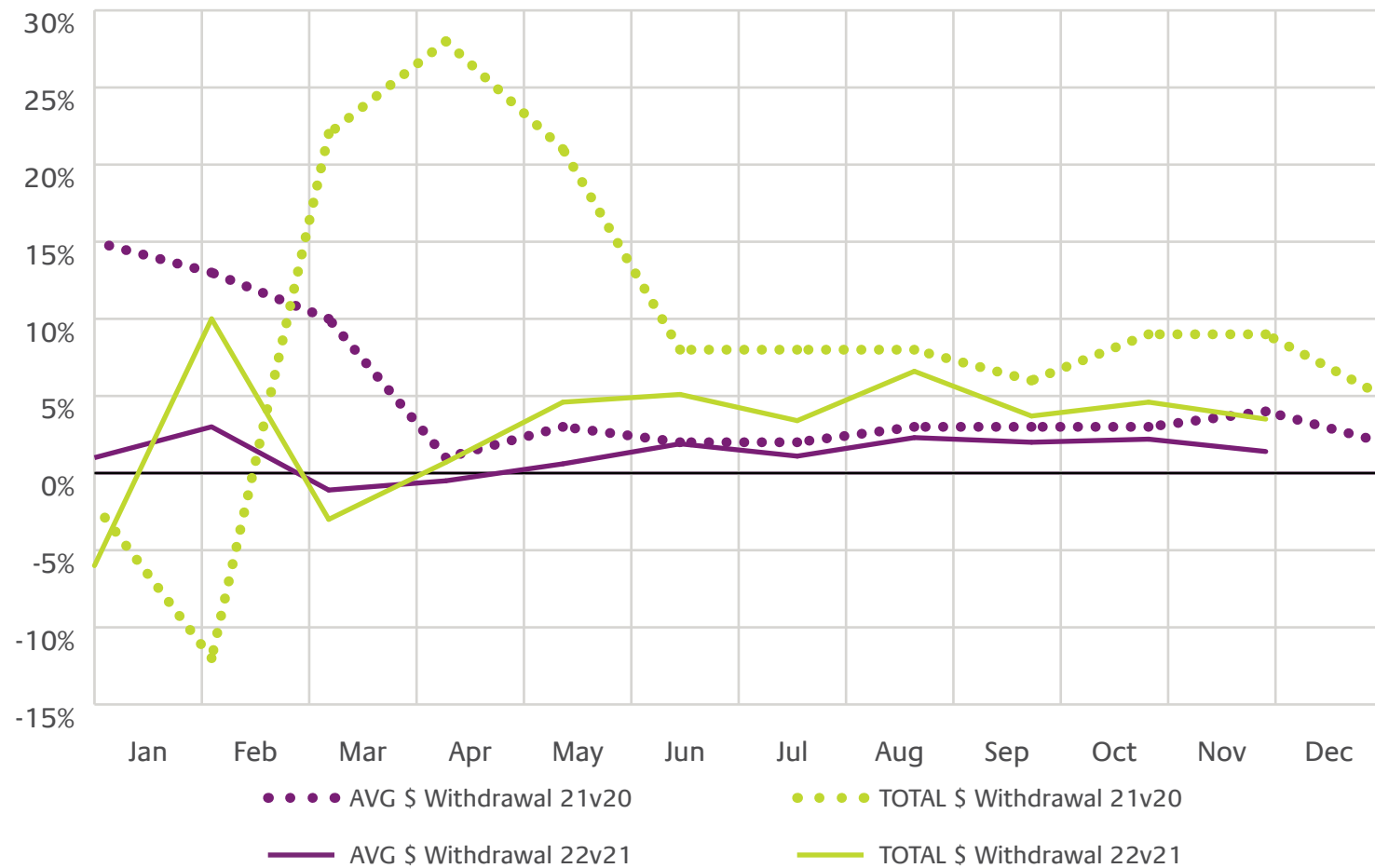
DEBIT
November



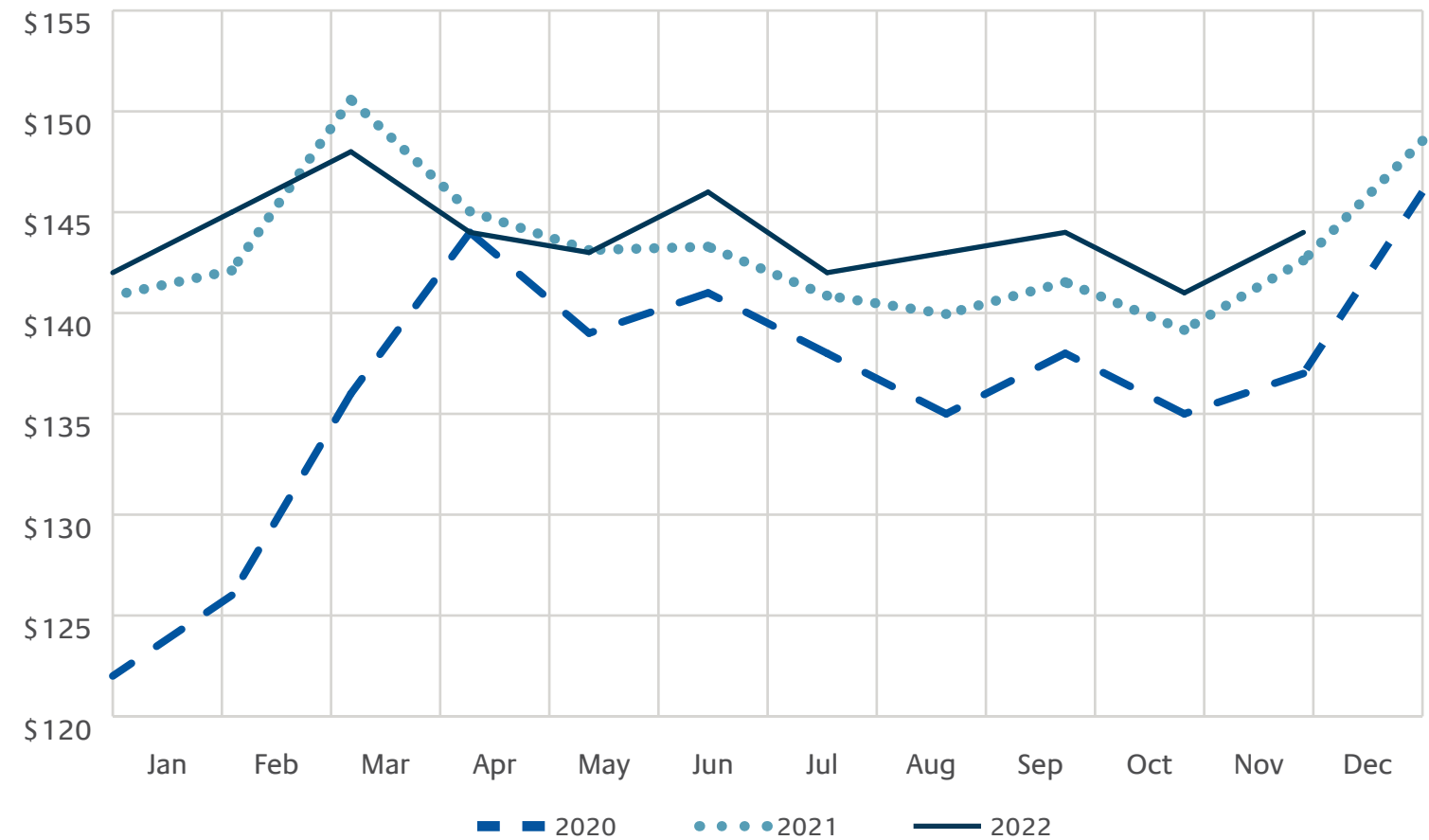
ATM

For November 2022, growth in ATM withdrawal transaction volume was up 2.1% year over year. The average amount withdrawn per transaction increased 1.4% to \$144, with total cash withdrawn up 3.5% year over year.

YOY GROWTH IN ATM WITHDRAWALS
November



AVERAGE ATM WITHDRAWAL
November



SECTORS/MERCHANT CATEGORIES


While the majority of the credit purchase sectors continue to experience double-digit growth, the Services and Utilities sectors dipped to single-digit growth and the Goods sector was negative. The top three sectors for year-over-year growth in credit purchases for November were Entertainment (+20%), Travel (+14%) and Gasoline (+13%). For credit transactions, the Goods, Services and Restaurant sectors' growth rates were noticeably lower.

Notable growth in debit purchases came from the Entertainment sector (+21%), which experienced double-digit year-over-year growth for the sixth consecutive month and even outperformed credit (+20%). Gasoline (+6%) dipped to single-digit growth in November. For debit transactions, Entertainment (+22%) and Travel (+3%) outpaced purchases.




DRUG STORES
November 2022 V 2021

	Credit	Debit
YoY Purchases	2%	2%
YoY Transactions	1%	0%



ENTERTAINMENT
November 2022 V 2021

	Credit	Debit
YoY Purchases	20%	21%
YoY Transactions	14%	22%




GASOLINE
November 2022 V 2021

	Credit	Debit
YoY Purchases	13%	6%
YoY Transactions	5%	0%




GOODS
November 2022 V 2021

	Credit	Debit
YoY Purchases	-2%	1%
YoY Transactions	0%	4%




GROCERIES
November 2022 V 2021

	Credit	Debit
YoY Purchases	10%	6%
YoY Transactions	7%	2%




RESTAURANTS
November 2022 V 2021

	Credit	Debit
YoY Purchases	12%	4%
YoY Transactions	8%	0%




SERVICES
November 2022 V 2021

	Credit	Debit
YoY Purchases	8%	6%
YoY Transactions	5%	2%



TRAVEL
November 2022 V 2021

	Credit	Debit
YoY Purchases	14%	2%
YoY Transactions	12%	3%

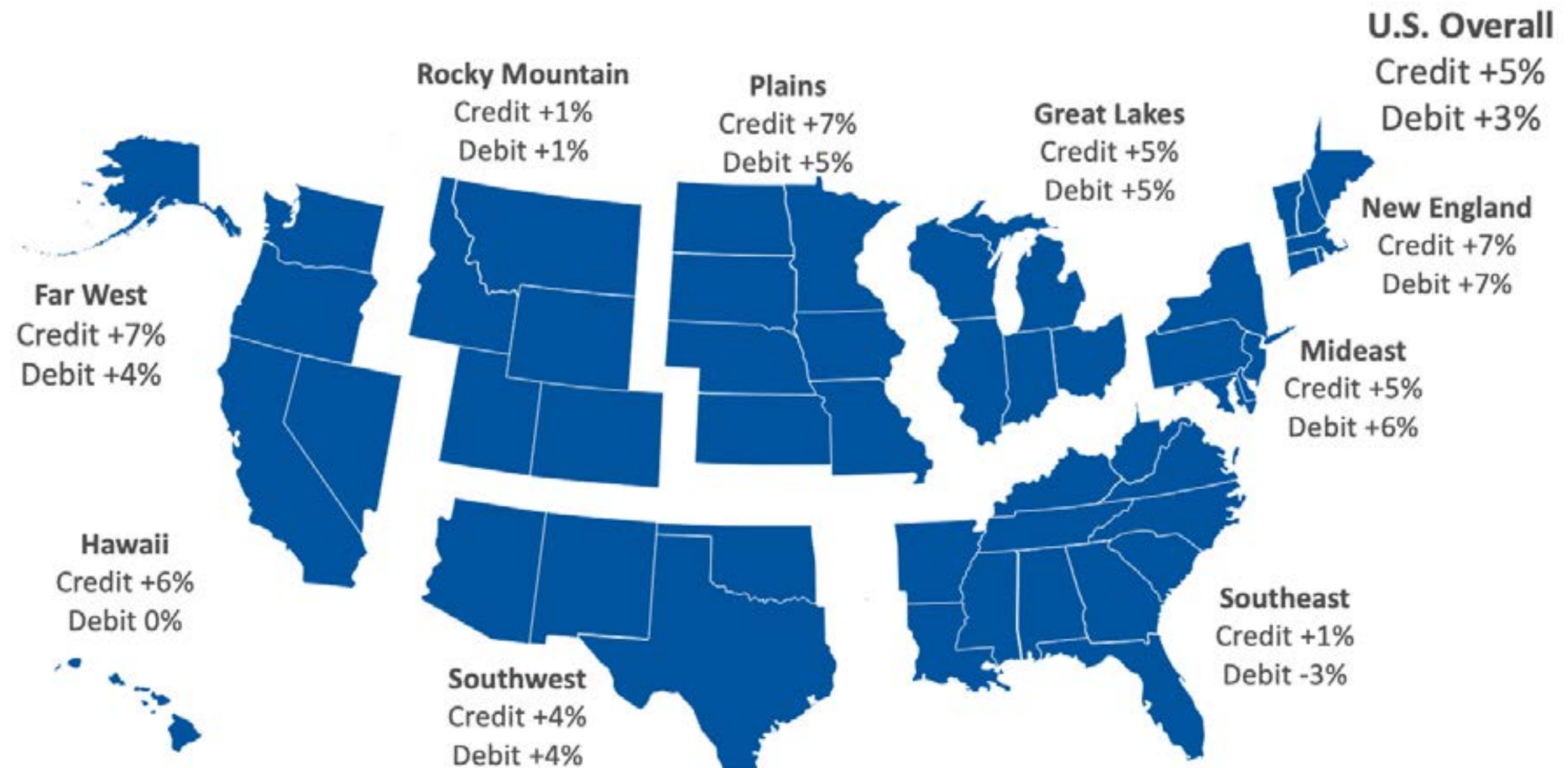


UTILITIES
November 2022 V 2021

	Credit	Debit
YoY Purchases	8%	-13%
YoY Transactions	6%	-18%

REGIONAL STATE LEVEL PURCHASE DOLLARS DATA THROUGH OCTOBER, ENDING NOVEMBER 27, 2022

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

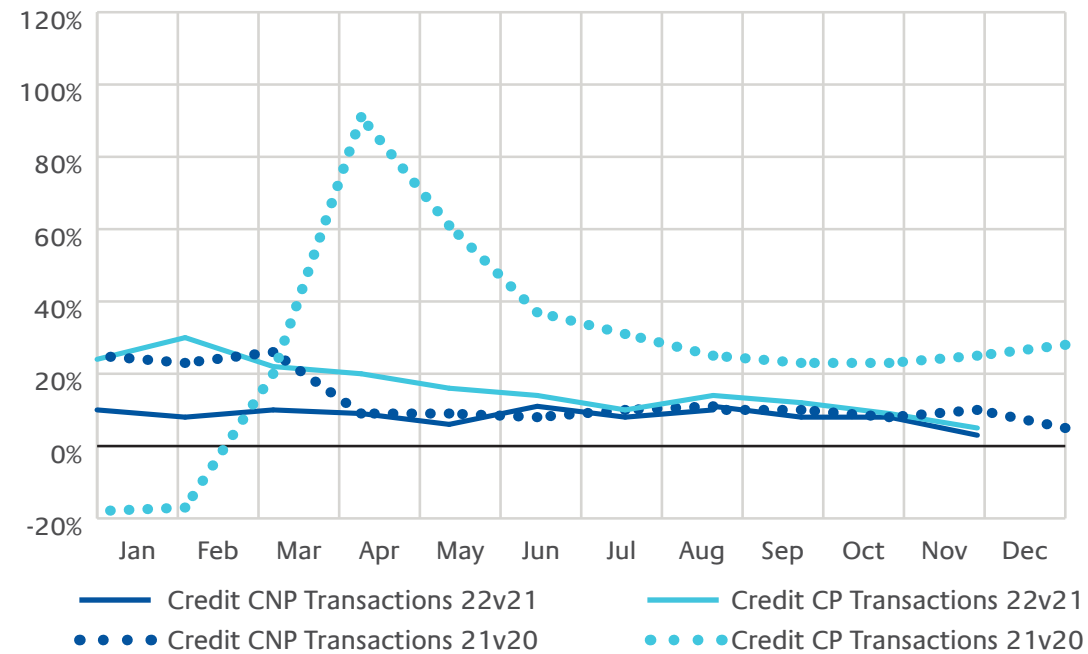


CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

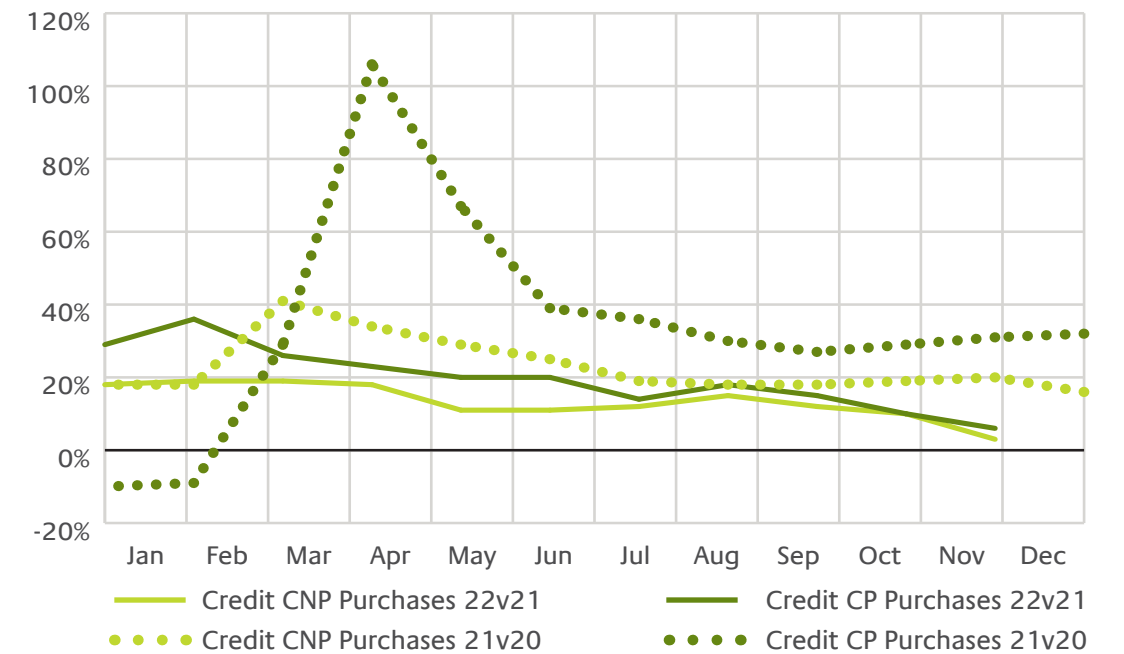
November 2022 Card Not Present (CNP) credit purchases represented 53% of all purchases – the same amount as November 2021. CNP debit purchases represented 47% of overall debit purchases in November 2022, up four percentage points from November 2021.

Year-over-year growth in credit transaction volumes grew by 3% for CNP and 5% for Card Present (CP). For debit transactions, CNP grew by 12%, while CP transactions were down 5% compared to November 2021.

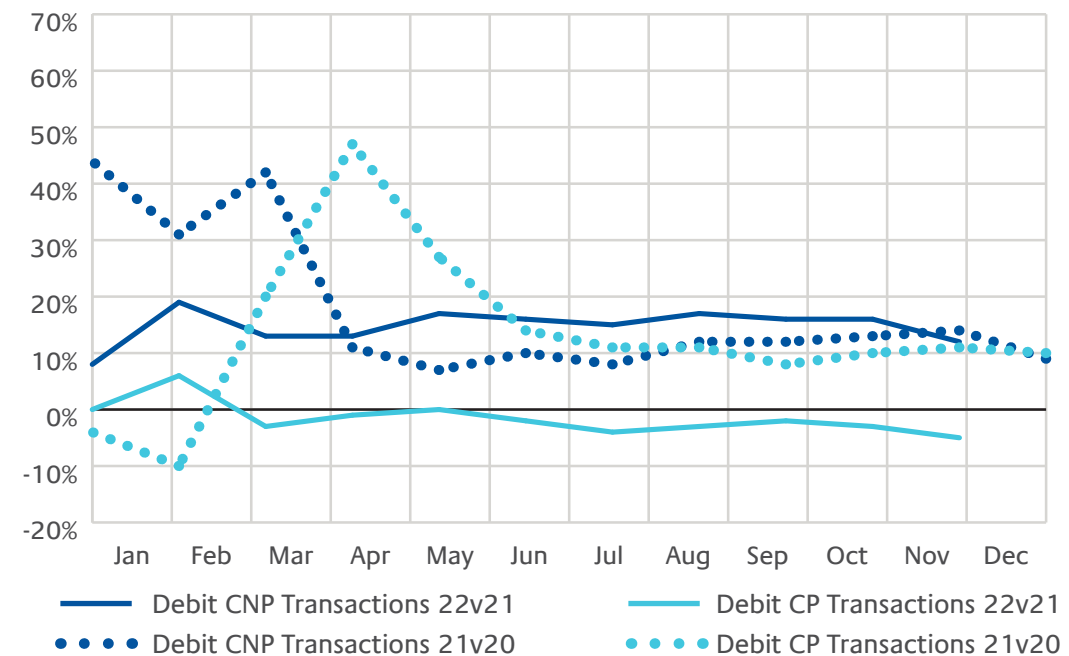
YOY % GROWTH IN CREDIT TRANSACTIONS
November



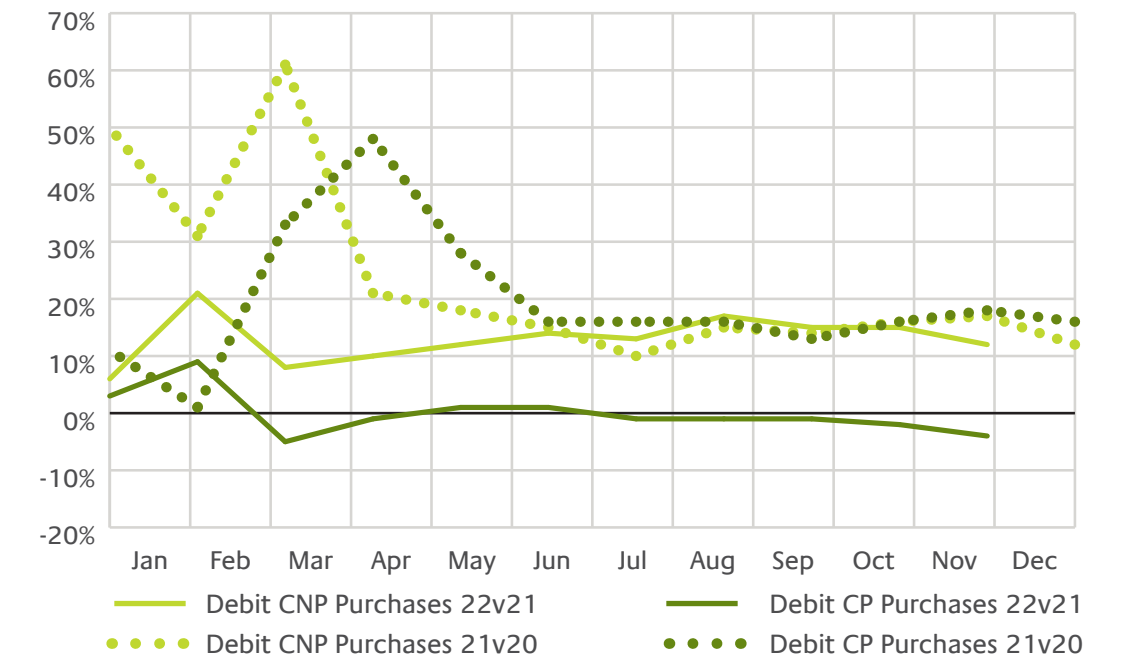
YOY % GROWTH IN CREDIT PURCHASES
November



YOY % GROWTH IN DEBIT TRANSACTIONS
November



YOY % GROWTH IN DEBIT PURCHASES
November

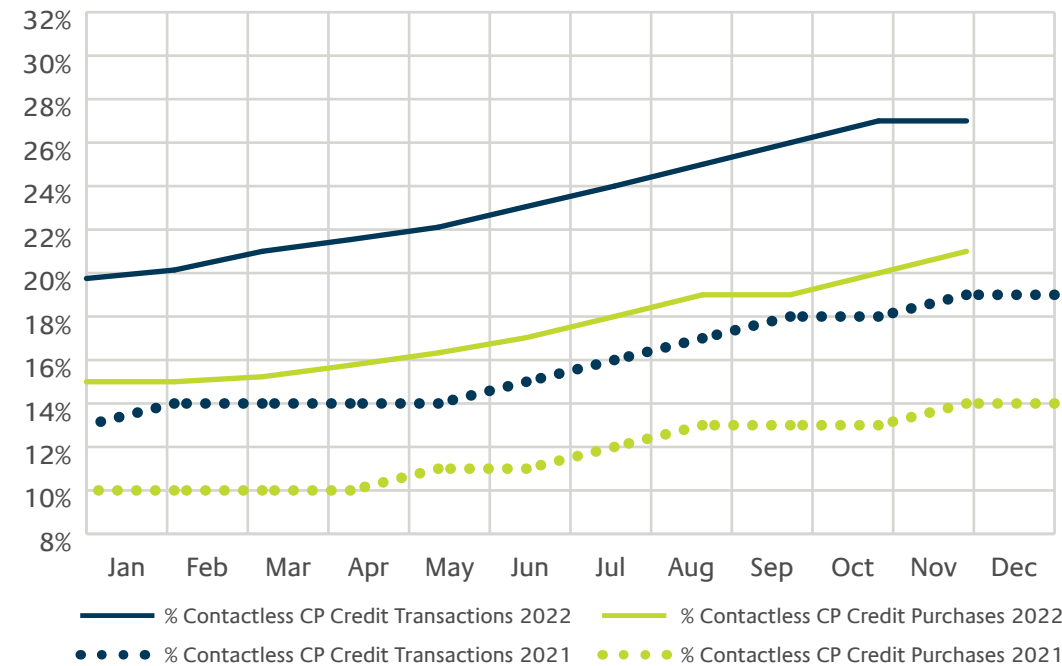


CONTACTLESS TRANSACTIONS

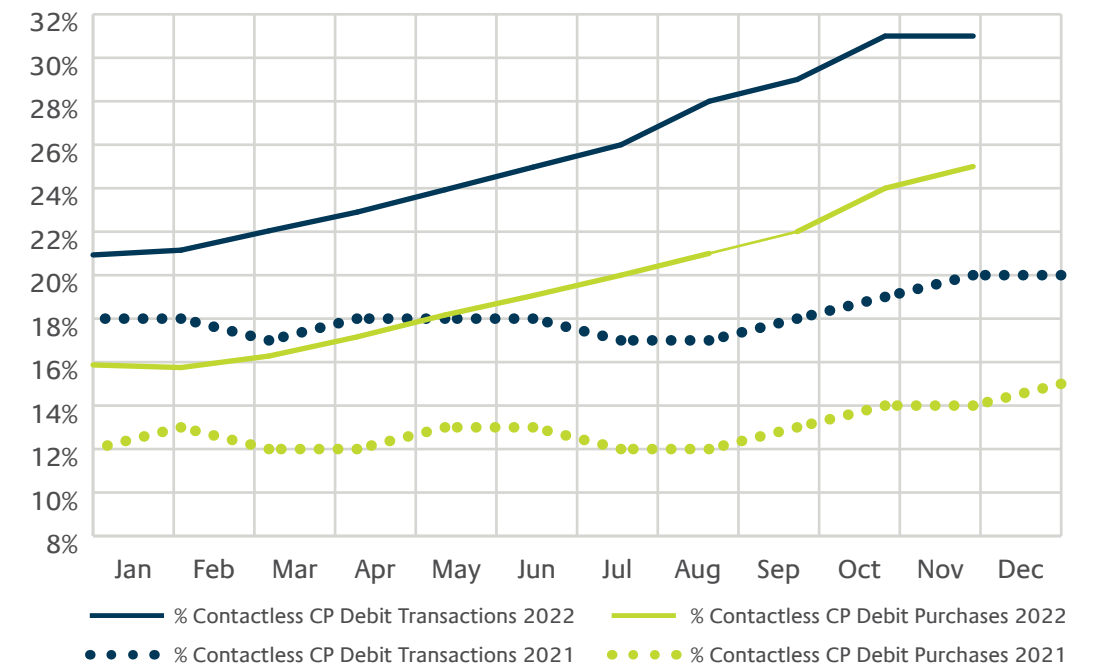
Growth in contactless card usage continues to trend upward for both credit and debit, with debit outpacing credit. In November 2022, contactless tap-and-go credit transactions comprised 27% of total Card Present volume on contactless cards, compared to 19% in November 2021. For debit, contactless tap-and-go transactions finished at 31% in November 2022, compared to 20% in November 2021.

Difference in transaction size suggests contactless represents smaller-dollar transactions – likely replacing cash. The average contactless purchase remains well below the overall average card purchase. For November, the average credit contactless purchase was \$46.27, 23% lower than the overall credit Card Present purchase of \$60.20, while the average debit contactless purchase was \$26.44, 29% lower than the overall debit Card Present average purchase of \$37.

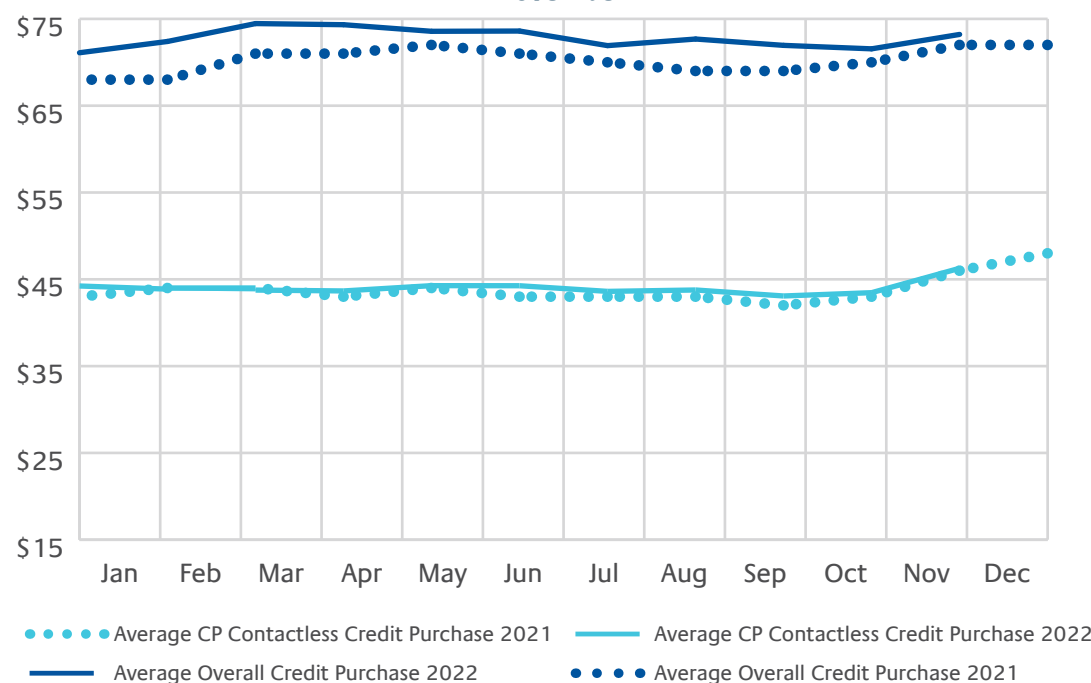
% CONTACTLESS CREDIT ACTIVITY ON CONTACTLESS CARDS
November



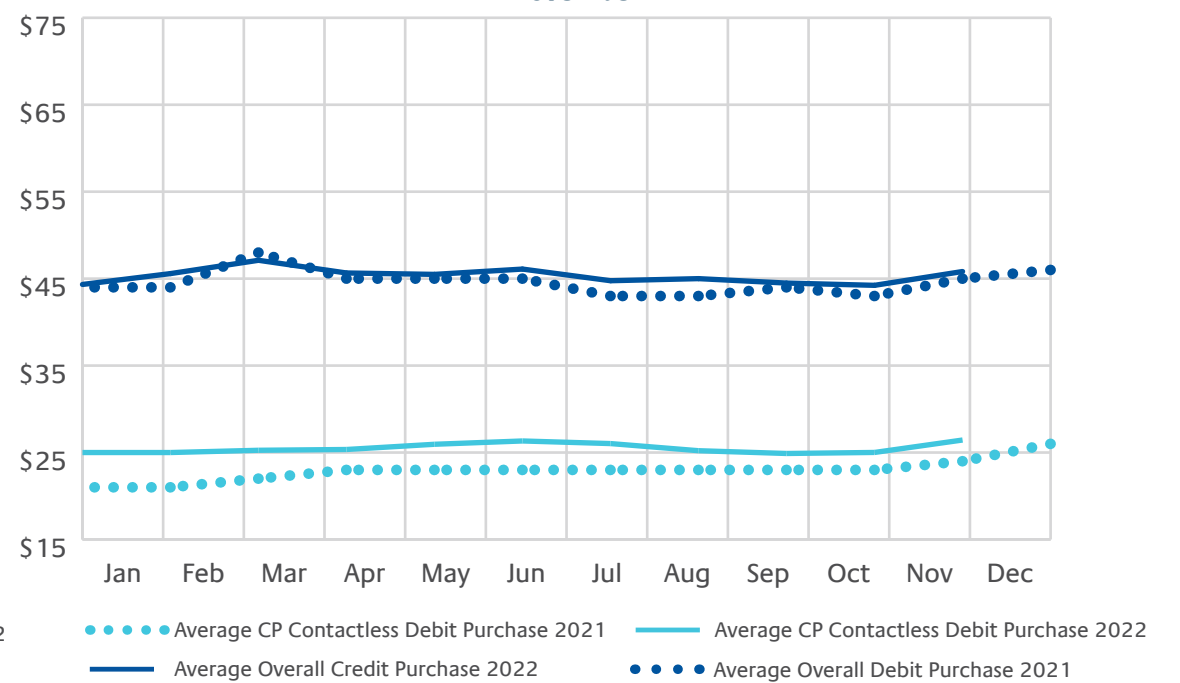
% CONTACTLESS DEBIT ACTIVITY ON CONTACTLESS CARDS
November



CONTACTLESS CREDIT AVERAGE PURCHASE
November



CONTACTLESS DEBIT AVERAGE PURCHASE
November

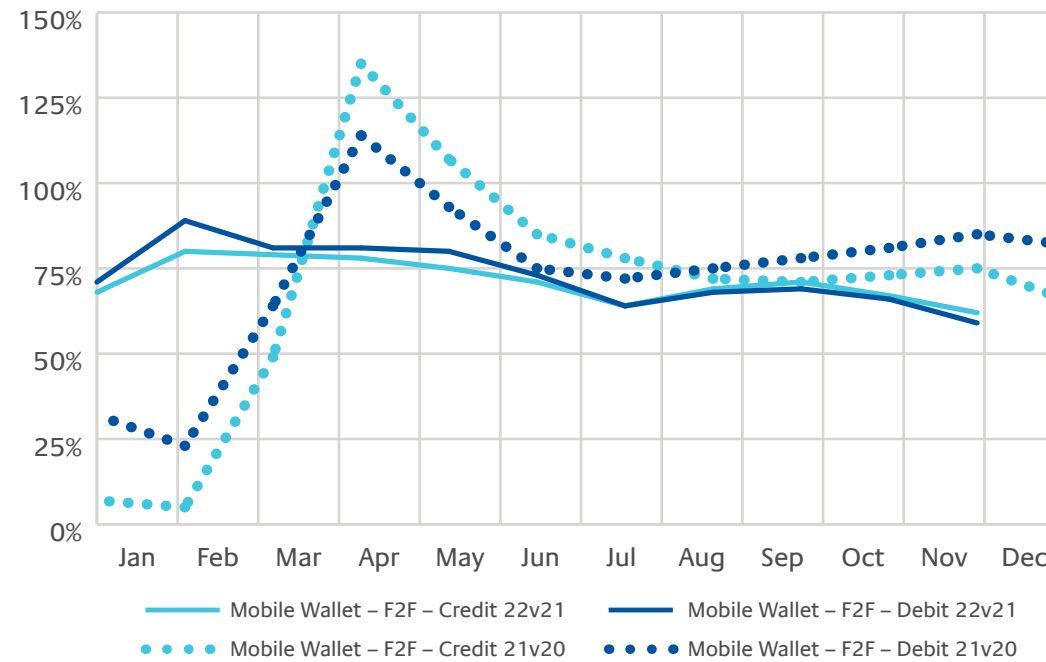


MOBILE WALLETS

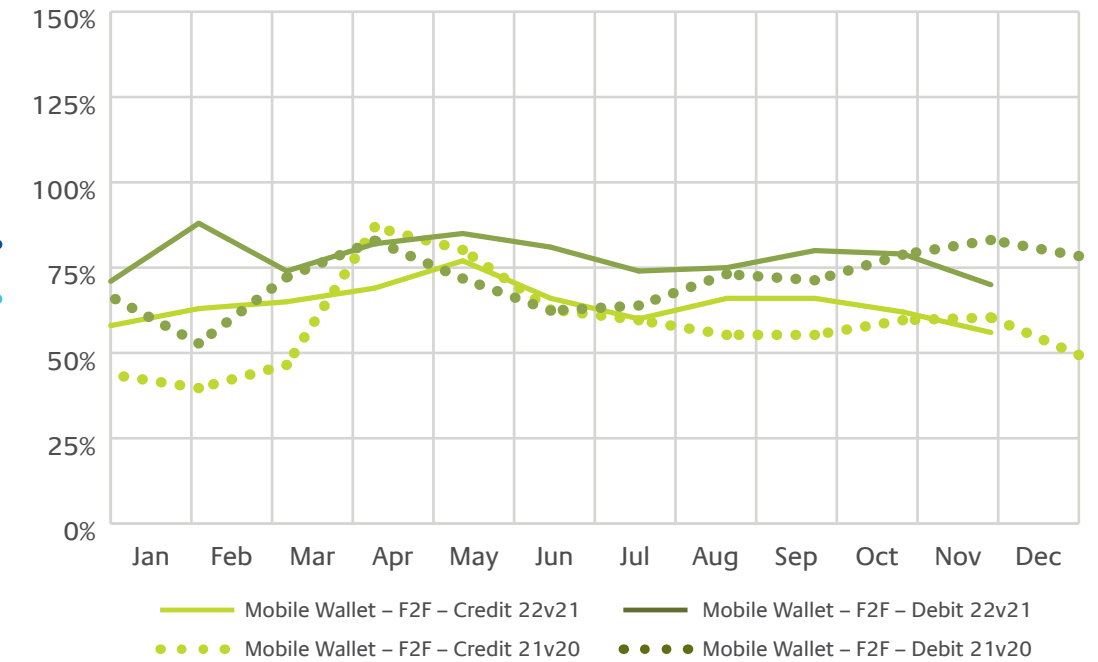
Mobile Wallet (MW) usage continued to post strong year-over-year growth through November 2022. However, growth rates were at their lowest level of the year.

Mobile Wallet transaction volume growth declined in November, measuring 62% for credit and 59% for debit compared to November 2021. Mobile Wallet purchase performance also dipped in November, with credit purchases up 56% and debit purchases up 70% year over year. The average Mobile Wallet credit purchase decreased by \$1.16 (down 3.7%) to \$30.33, while the average debit purchase increased by \$1.22 (up 6.8%) to \$19.16 in November 2022.

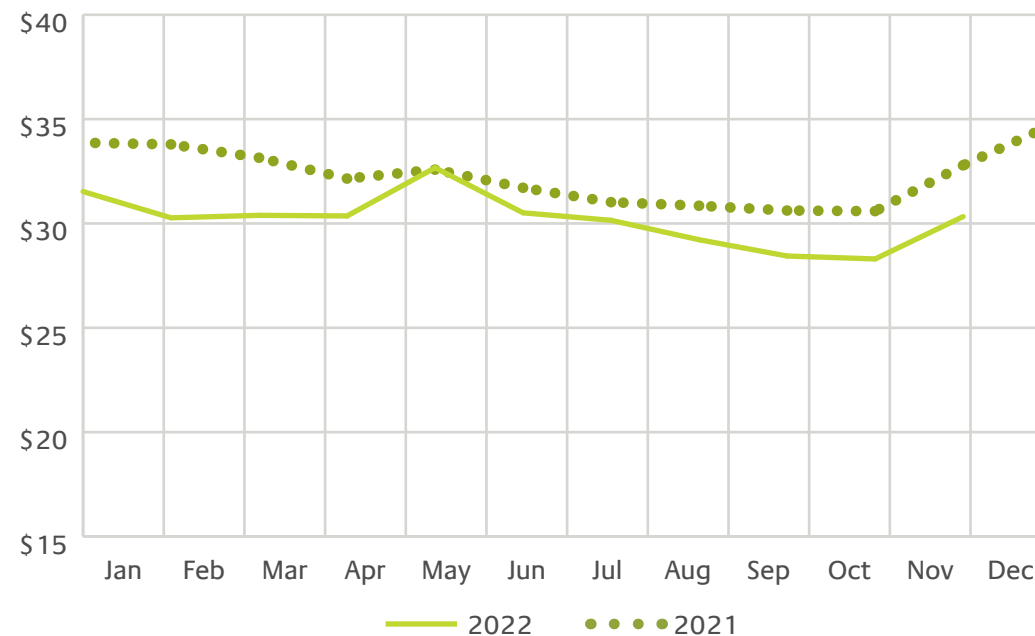
YOY % GROWTH IN MOBILE WALLET TRANSACTIONS
November



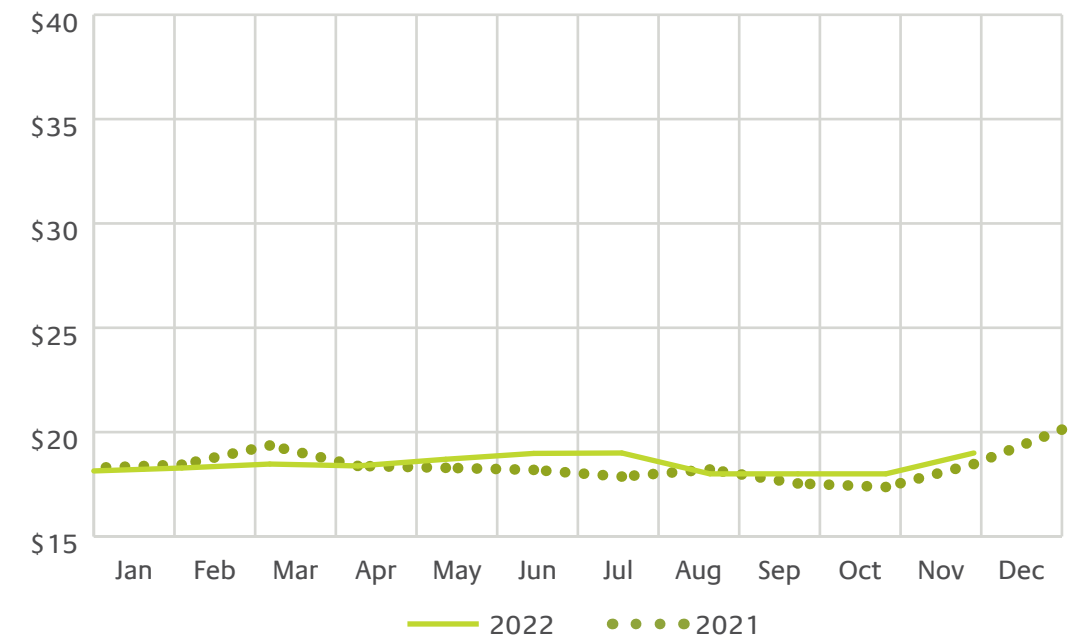
YOY % GROWTH IN MOBILE WALLET PURCHASES
November



MOBILE WALLET CREDIT AVERAGE PURCHASE
November



MOBILE WALLET DEBIT AVERAGE PURCHASE
November





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 December 2021 through November 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 [pscu.com](#).