

## THE PSCU PAYMENTS INDEX: MARCH 2023

Trends in consumer purchasing are beginning to show early signs that we are on a path of the soft landing the Fed has been working toward. In our February 2023 data, we find consumer purchasing, while still positive for credit and debit cards, in mid-single-digit growth.

In the Labor Department's Mar. 14 update, the [Consumer Price Index \(CPI\)](#) declined by 0.4% for the month of February, bringing the 12-month rate of inflation to 6.0%. The largest contributor, accounting for 70% of the increase, was shelter, with food, recreation, and household furnishings and operations also contributing. The Bureau of Labor Statistics (BLS) [reported](#) in its February 2023 jobs report that 311,000 jobs were added for the month, with leisure and hospitality, retail trade, government and health care jobs showing notable gains. While the leisure and hospitality sector accounted for a third of the monthly job growth, employment in that sector remains at 410,000 jobs, or 3.4%, below its pre-pandemic levels of February 2020. The overall unemployment rate for February finished at 3.6% or 5.9 million people.

The Federal Reserve's preferred measure of inflation, the Personal Consumption Expenditures price index (PCE), increased in January to 5.4%. The Federal Reserve's next meeting occurs on Mar. 21-22, where a quarter-point rate increase was originally expected; however, [some analysts are now predicting no rate increase](#) following the recent collapses of Silicon Valley Bank, Signature Bank and Silvergate Bank. While these recent banking collapses appear to have [little impact on the credit union system](#), we will continue to monitor as the situation evolves.

The [Consumer Confidence Index](#) decreased in February to 102.9 (1985=100). The decrease in February reflected large drops in confidence for households aged 35 to 54 and households earning \$35,000 or more. The Expectations Index fell further to 69.7, which is notable as the Conference Board has indicated that, when below 80, it would often signal a recession in the next year. The national average price per gallon of gasoline finished at [\\$3.46](#) for the week ending Mar. 13, down 20% year over year.

In the March 2023 edition of the PSCU Payments Index, February's growth rates for transactions and purchases continue to converge for both credit and debit in the mid-single digit range. In this month's Deep Dive, we look at two sectors with the highest year-over-year growth in purchases: Travel (discretionary spending) and Transportation (non-discretionary spending).

*The PSCU Payments Index welcomes your feedback on content to guide future enhancements to the report. Click [here](#) to share your feedback. To subscribe to the Payments Index and receive updates when we publish each month, click [here](#).*

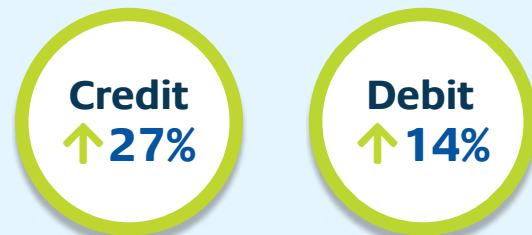
## OVERALL PERFORMANCE – FEBRUARY 2023

### PURCHASES

2023 VS. 2022



2022 VS. 2021



### TRANSACTIONS

2023 VS. 2022



2022 VS. 2021



## KEY TAKEAWAYS

- Consumer spending growth on payment cards remained positive in February. Credit purchases and transactions were both up 6% year over year. Debit purchases were up 7% and transaction growth was up 5% for February.
- The Consumer Price Index (CPI-U) decreased on an annual basis to 6.0% in February, down by 0.4 percentage points. Shelter accounted for 70% of the all-items increase. While Fed Chairman Jerome Powell has signaled for another subsequent rate increase at the Fed's next meeting on Mar. 21-22, recent bank collapses may curtail the anticipated near-term increase.
- Transaction growth in both discretionary and non-discretionary spending categories moderated in February. Growth in transactions for essential goods and services grew by 5% for credit and 4% for debit. In the discretionary category, credit transactions grew by 6% and debit transactions grew by 10%.
- Growth in the discretionary spending Travel sector remains strong, with credit purchases up 18% and debit purchases up 16%. The strength within this sector comes from both cruise lines and airlines, with strong growth with non-U.S. based airlines. Cruise line purchases grew 118% for credit and 155% for debit year over year. For non-U.S. based airlines, credit purchases were up 48% and debit purchases were up 32%.
- Transportation, which represents a small portion of overall activity, yields insight into the return to physical work locations. For February, credit transactions and purchases were up 21%. Debit transactions were up 16% and purchases up 15%. Within this sector, top growth categories include mass transit (subways, bus and rail), with credit purchases growing 31% and debit purchases growing 28%.
- The credit card delinquency rate for February finished at 2.01%, above February 2019 pre-pandemic levels. Total credit card balances were up 13.8% for February compared to a year ago, while the average credit card balance for active accounts was \$2,918, up 8.4% (or \$226) year over year.

While overall consumer spending growth remains positive, it continues to trend in single-digit growth ranges. As discretionary and non-discretionary spending remains moderate, in this month's Deep Dive



we explore the two sectors experiencing the highest year-over-year growth in Travel and Transportation. After declines amid the pandemic, the travel industry continues its positive recovery with cruise lines and international air travel leading the largest growth. In the non-discretionary Transportation sector, growth in mass transportation is seeing the largest increases as a result of more employees returning to the physical workspace.

– Yvonne Stelpflug, SVP, Advisors Plus at PSCU

## DEEP DIVE: TRAVEL & TRANSPORTATION

For February 2023, the Travel sector, which is classified as a discretionary spending category, posted the highest year-over-year growth for both credit and debit of all sectors. For purchases in the Travel sector, credit was up 18% and debit was up 16% compared to February 2022. Growth in Travel transactions has softened, with year-over-year growth results in single digits for February. Credit transactions in the Travel sector were up 8% and debit transactions were up 5%. Within the Travel sector, two areas stood out with year-over-year growth much larger than most of the merchant categories within this sector: Cruise Lines and Airlines, with notable growth in international air travel.

While Cruise Lines showed perhaps the greatest opportunity for growth following the industry's relative standstill during the pandemic and shortly thereafter, they continued to post the strongest results within the sector through February. Purchase growth was up 118% for credit and up 155% for debit, while transaction growth was up for credit by 106% and up 130% for debit.



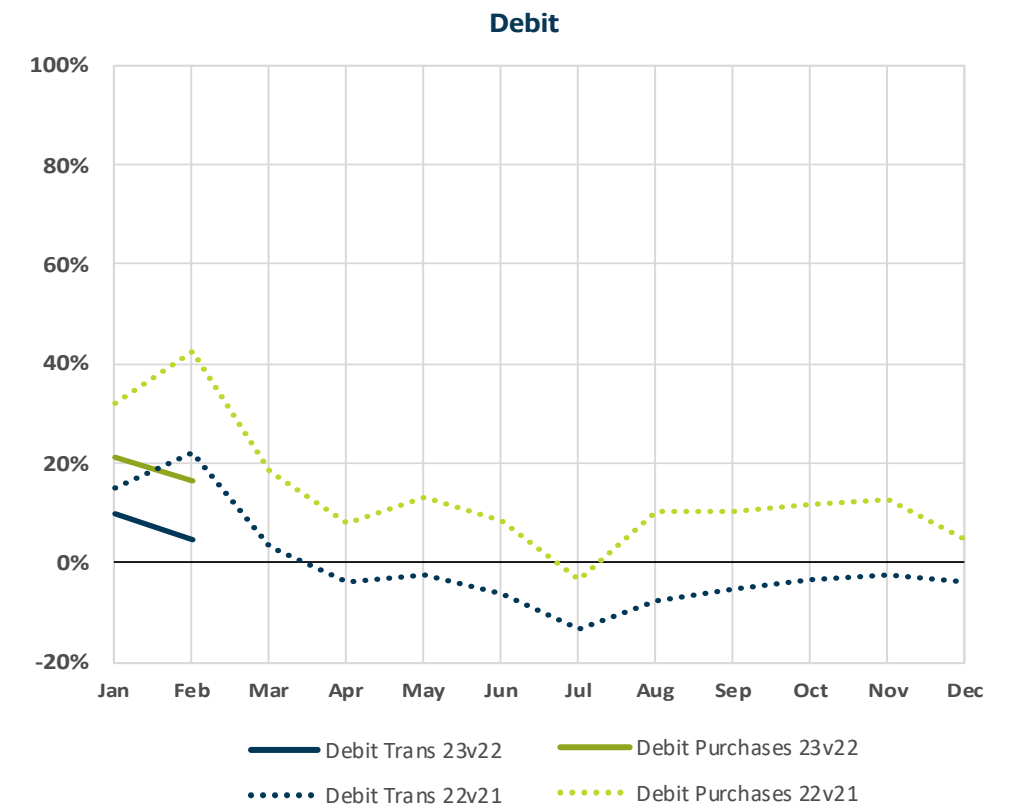
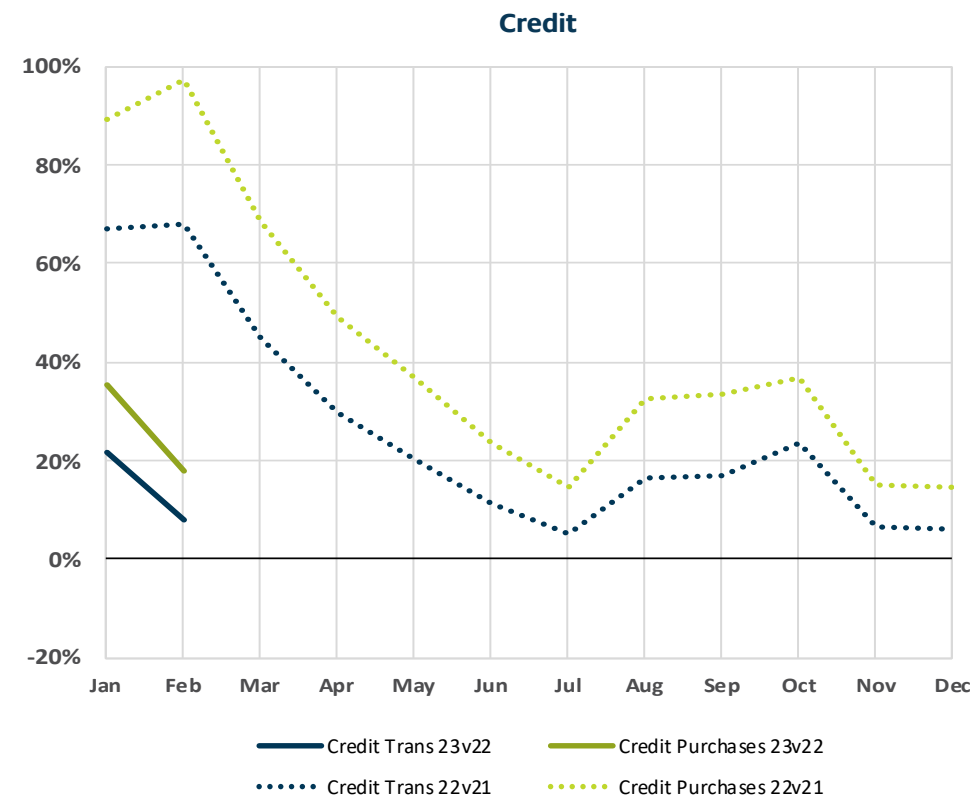
### TRAVEL SECTOR YEAR-OVER-YEAR GROWTH – FEBRUARY 2023

	Credit			Debit		
	Transactions	Purchases	Average Purchase	Transactions	Purchases	Average Purchase
<b>Travel Overall</b>	<b>8%</b>	<b>18%</b>	<b>\$392</b>	<b>5%</b>	<b>16%</b>	<b>\$330</b>
Airlines	4%	24%	\$339	-6%	7%	\$218
Cruise Lines	106%	118%	\$901	130%	155%	\$514
Duty Free	77%	75%	\$87	42%	36%	\$62
Hotel/Motel & Travel Agency	7%	9%	\$400	2%	2%	\$239
Lodging - Other	3%	13%	\$520	15%	27%	\$685
Vehicle Rental	5%	3%	\$258	0%	3%	\$178

Given that cruise vacations are booked months in advance, this is an early view into some discretionary spending for spring and summer 2023.

For February, purchases on Airlines were up 24% for credit and up 7% for debit. Transaction growth, however, shows slowing velocity as credit transactions were up 4% and debit transactions were down 6%. When segmenting the airlines into U.S.-based carriers (like American, Delta, Southwest, United, etc.) and all others, growth in activity (transactions and purchases) has been greater among non-U.S. based airlines (including British Airways, Air Canada, Turkish Airlines, Qatar Airways and Lufthansa). Credit transaction growth was up 2% for U.S.-based carriers and up 48% for non-U.S. based airlines. For debit transaction growth, U.S.-based carriers were down 8% and non-U.S. based carriers were up 15%. For February 2023, non-U.S. based airlines represented 13% of all airline credit transactions and 10% for all airline debit transactions. Satisfying consumer demand, airlines have increased international seat capacities at a faster rate than domestic capacities.

## TRANSACTION VOLUMES & PURCHASE DOLLARS – TRAVEL SECTOR



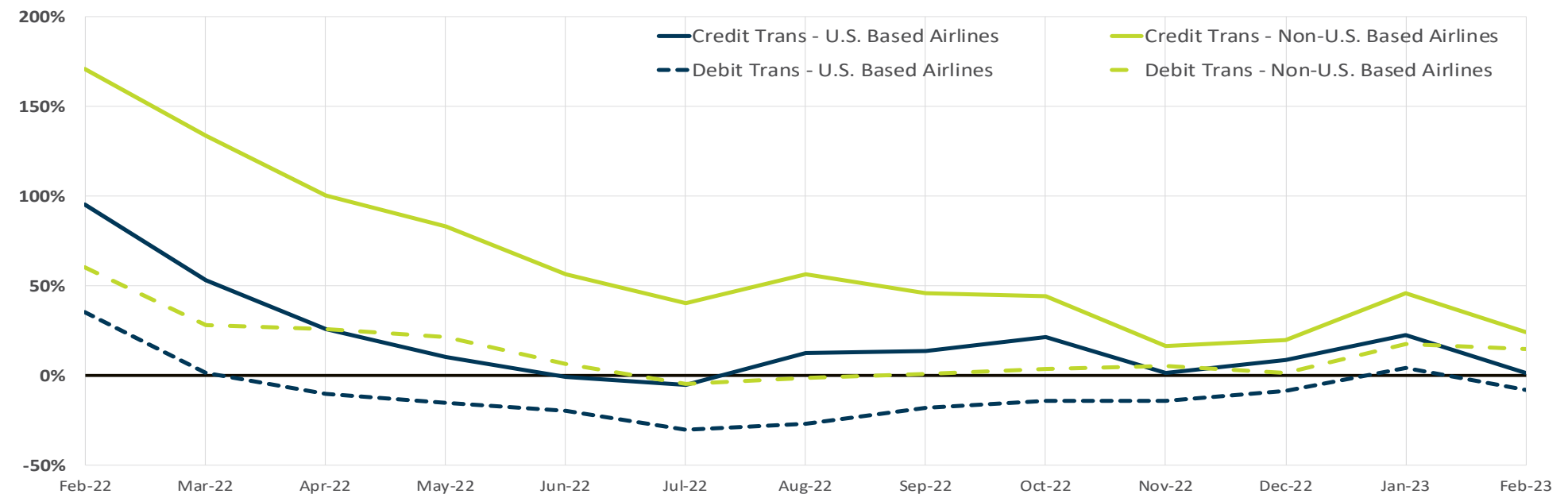
Within the U.S.-based airline grouping, growth results varied by airline. For February, all U.S.-based airlines except one (Alaska Airlines) had double-digit growth in credit purchases. Alaska Airlines' credit purchases growth was still positive at 5%. Growth in purchases for Southwest Airlines was in the middle of the pack of U.S. airlines for February, with credit purchases up 17% and debit purchases up 8%, indicating that consumers are once again comfortable booking Southwest following their holiday-season systems issues that caused nationwide cancellations and delays.

While airline tickets are typically purchased in advance by consumers and serve as an indicator of future consumer purchasing activity, duty-free goods purchases serve as a more real-time indicator while traveling internationally. For February, duty-free goods transactions were up 77% for credit and up 42% for debit.

## AIRLINES YEAR-OVER-YEAR GROWTH – FEBRUARY 2023

	Credit			Debit		
	Transactions	Purchases	Average Purchase	Transactions	Purchases	Average Purchase
Airlines Overall	4%	24%	\$339	-6%	7%	\$218
U.S. Based Airlines	2%	18%	\$306	-8%	3%	\$203
Non-U.S. Based Airlines	24%	48%	\$525	15%	32%	\$329

## YEAR-OVER-YEAR TRANSACTION GROWTH - AIRLINES



## TRANSPORTATION

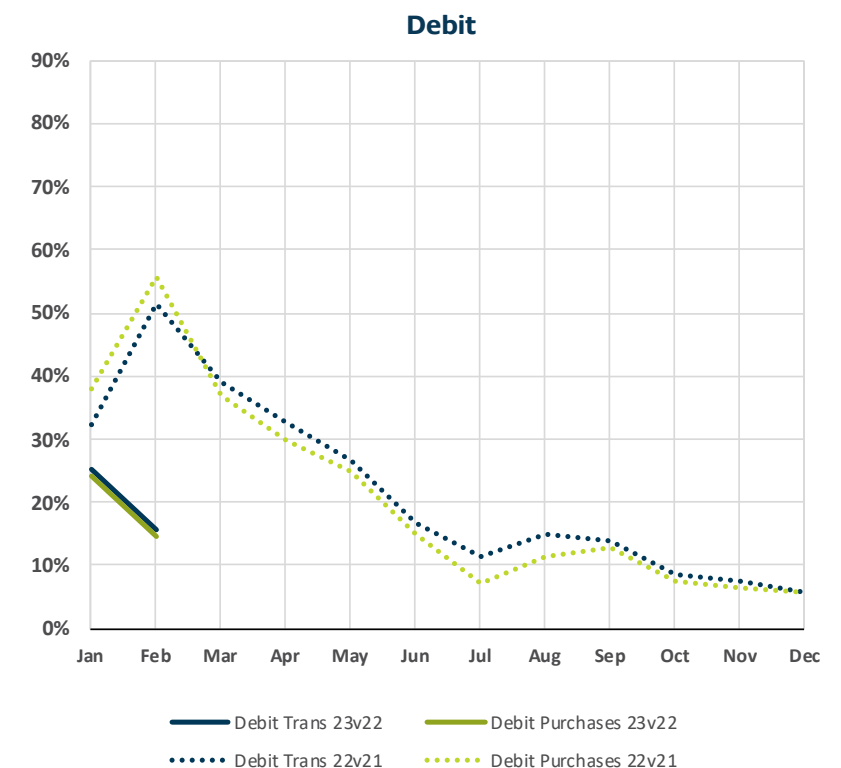
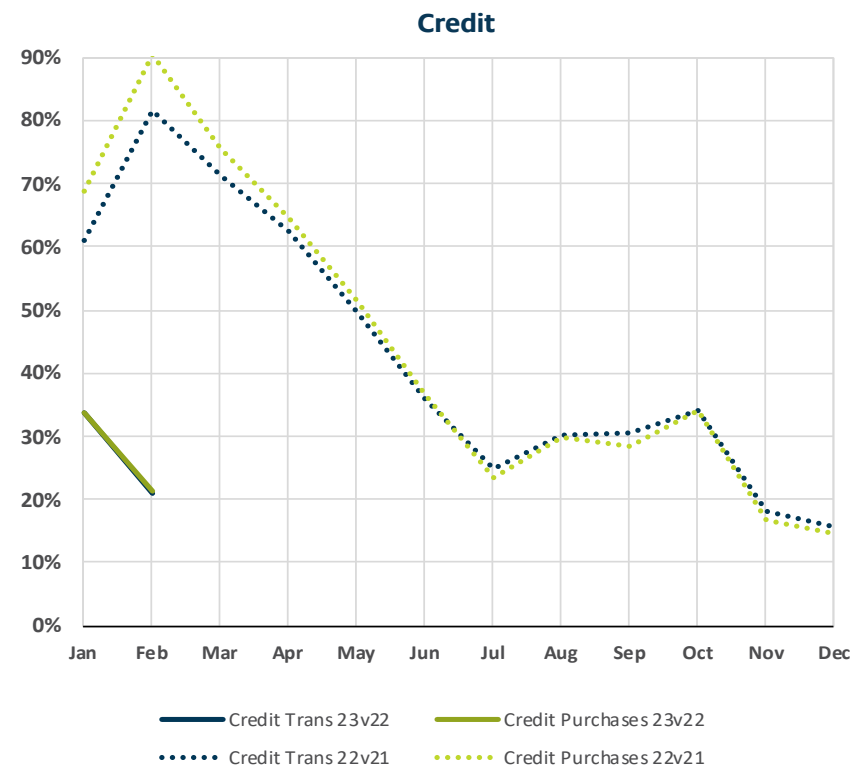
Representing the smallest (in terms of volume of transactions and purchases) of the Payments Index sectors, growth results for February in the Transportation sector were the second highest after the Travel sector. In the post-COVID pandemic period, this sector provides insight into the return to the physical workspace. Merchant categories in this sector include mass transit (bus, rail and local transit like subways) and other personal transit (rideshare/taxis, tolls and parking).

For February in the Transportation sector, credit purchases and transactions were both up 21%. For debit, purchases were up 15% and transactions were up 16%. We find that the mode of mass transit has a greater level of increase in transaction growth when compared to transaction growth for personal modes of transportation. This applies to both credit and debit activity.

### TRANSPORTATION SECTOR YEAR-OVER-YEAR GROWTH – FEBRUARY 2023

	Credit			Debit		
	Transactions	Purchases	Average Purchase	Transactions	Purchases	Average Purchase
2023 v 2022	<b>21%</b>	<b>21%</b>	<b>\$24</b>	<b>16%</b>	<b>15%</b>	<b>\$18</b>
2022 v 2021	<b>81%</b>	<b>90%</b>	<b>\$24</b>	<b>52%</b>	<b>56%</b>	<b>\$18</b>
Rail	46%	36%	<b>\$133</b>	33%	32%	<b>\$88</b>
Local Transit	45%	24%	<b>\$15</b>	38%	25%	<b>\$10</b>
Bus	36%	42%	<b>\$70</b>	16%	29%	<b>\$48</b>
Taxi/Rideshare	23%	27%	<b>\$24</b>	14%	13%	<b>\$18</b>
Parking	18%	25%	<b>\$16</b>	17%	23%	<b>\$12</b>
Tolls	10%	7%	<b>\$36</b>	8%	7%	<b>\$29</b>

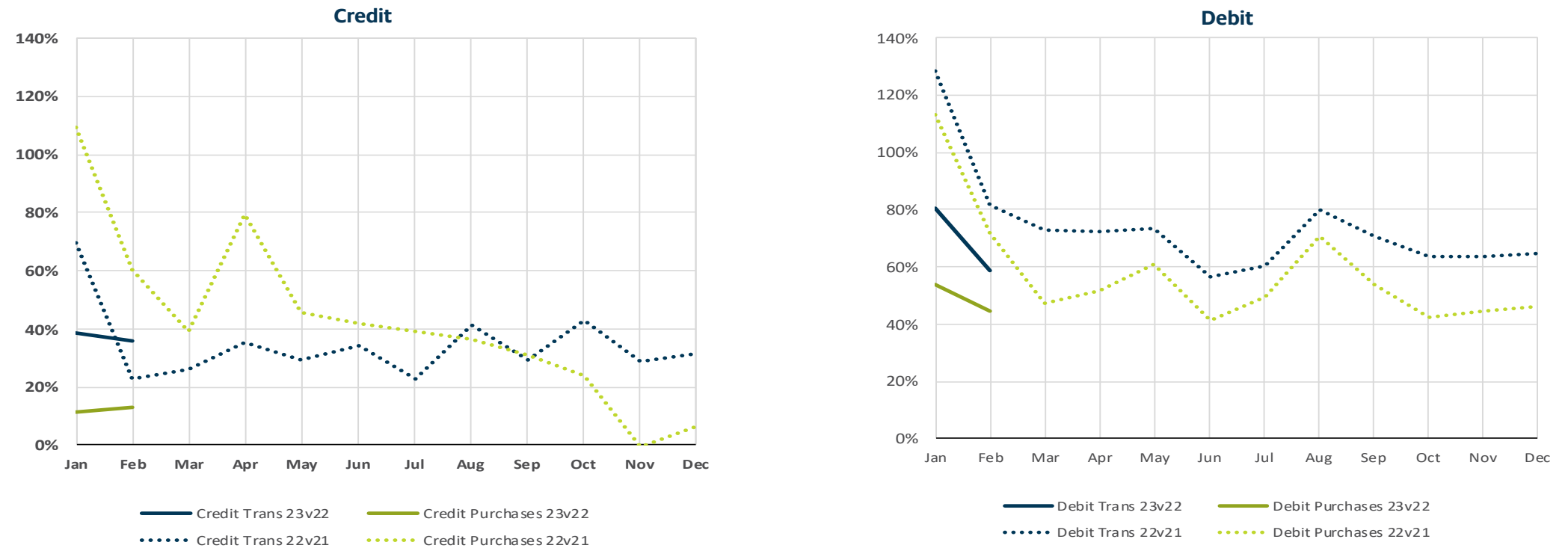
### TRANSPORTATION SECTOR - TRANSACTION VOLUMES & PURCHASE DOLLARS



## CHECKING IN: GOVERNMENT-LICENSED INTERNET GAMBLING

Super Bowl LVII, held Feb. 12 in Glendale, Ariz., was the first held in a state in which sports betting is legal. Super Bowl betting set records, [with FanDuel taking 50,000 bets per minute](#) at its peak. As more states allow for forms of legalized gambling, growth is expected to remain robust. For February, transaction growth for Legal Online Gambling was up 36% for credit and 58% for debit. These transactions represent a small portion of the Entertainment sector and a very small portion of overall transactions. Merchants in this category include FanDuel, DraftKings, BetMGM and Barstool Online Sportbook.

GOVERNMENT-LICENSED INTERNET GAMBLING: TRANSACTION VOLUMES AND PURCHASE DOLLARS

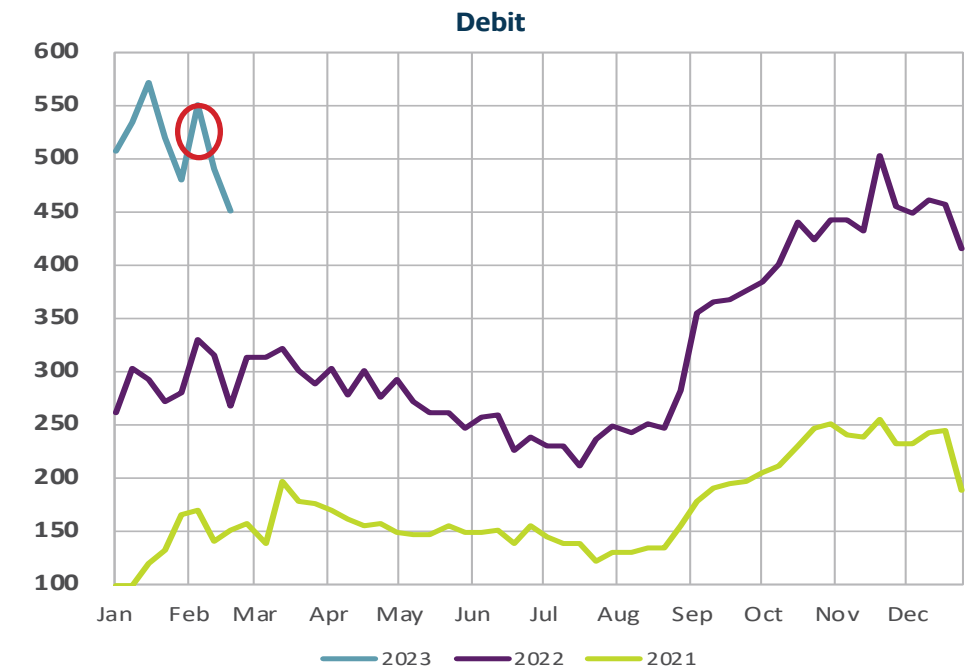
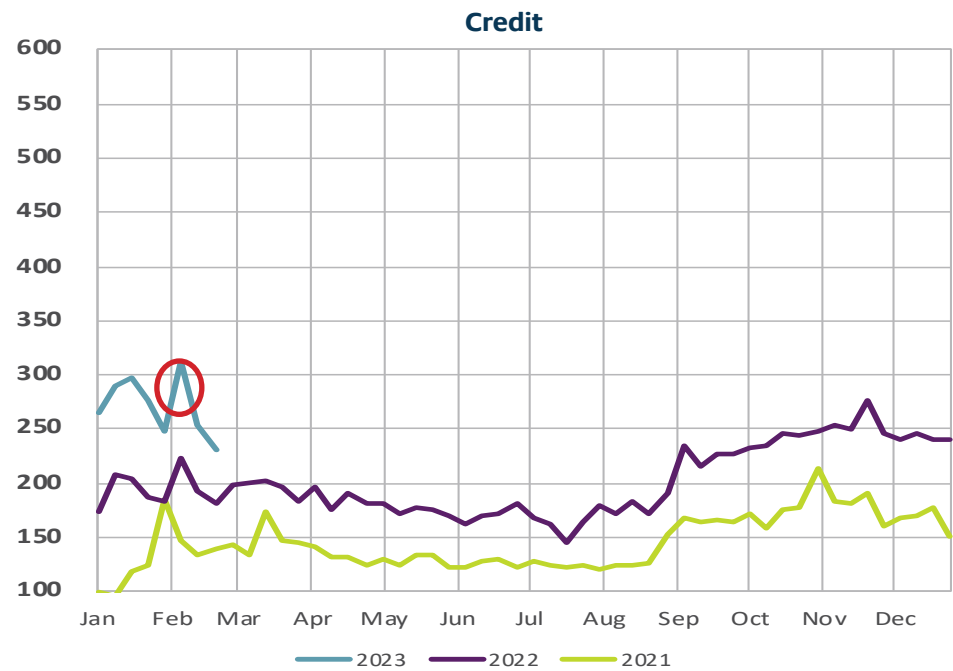


GOVERNMENT-LICENSED INTERNET GAMBLING YEAR-OVER-YEAR GROWTH: FEBRUARY 2023

	Credit			Debit		
	Transactions	Purchases	Average Purchase	Transactions	Purchases	Average Purchase
2023 v 2022	<b>36%</b>	<b>13%</b>	<b>\$139</b>	<b>58%</b>	<b>45%</b>	<b>\$53</b>
2022 v 2021	<b>23%</b>	<b>60%</b>	<b>\$161</b>	<b>82%</b>	<b>72%</b>	<b>\$58</b>

For the week ending on Super Bowl Sunday 2023, the indexed transaction volumes were 312 for credit and 553 for debit (where the first week of January 2021 = 100). This represents a 212% increase in credit transactions and a 453% increase in debit transactions, with more than half of the country starting the process of [legalizing sports betting](#).

## GOVERNMENT-LICENSED INTERNET GAMBLING: WEEKLY TRANSACTION VOLUMES INDEXED TO JAN 2021



○ Super Bowl Week

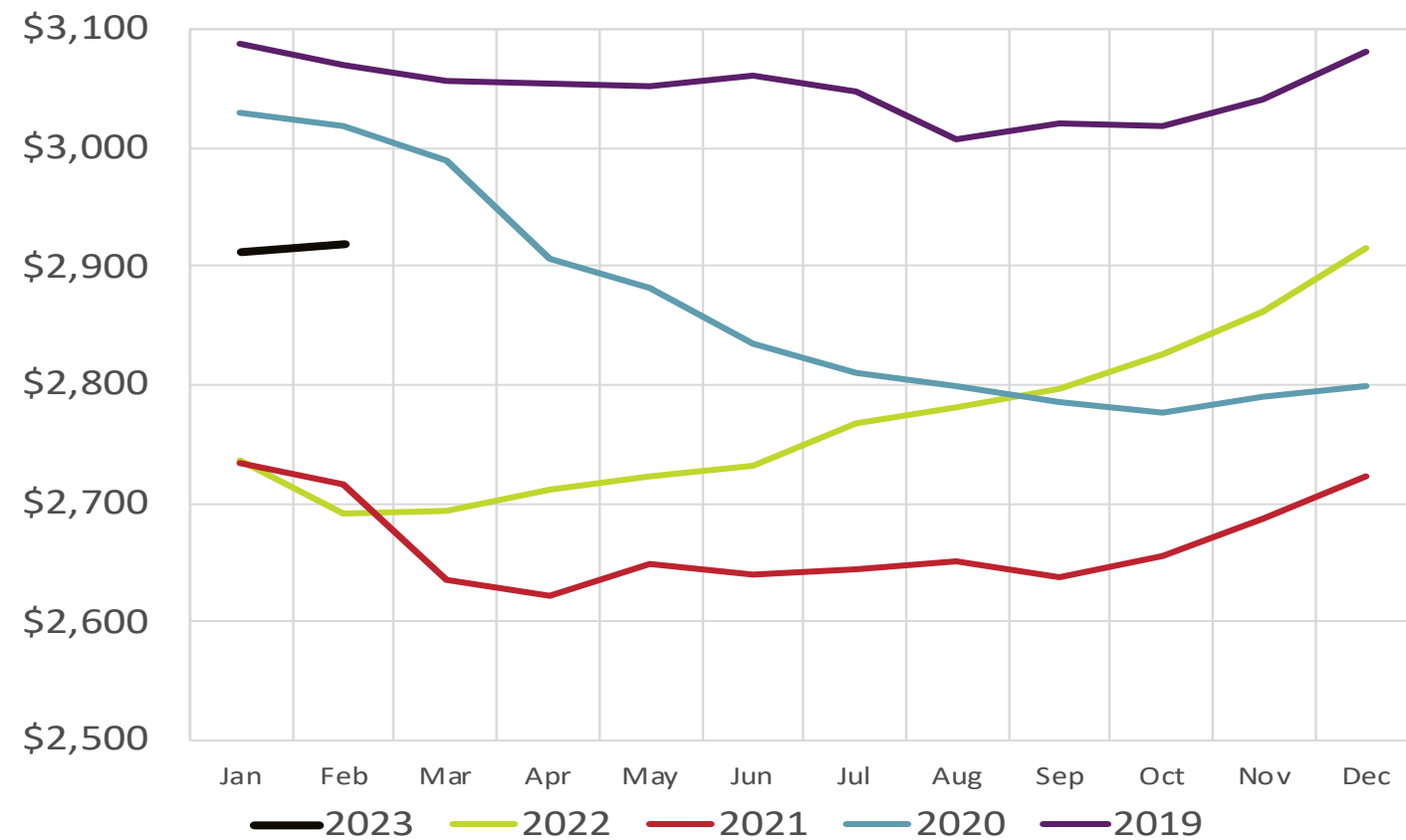




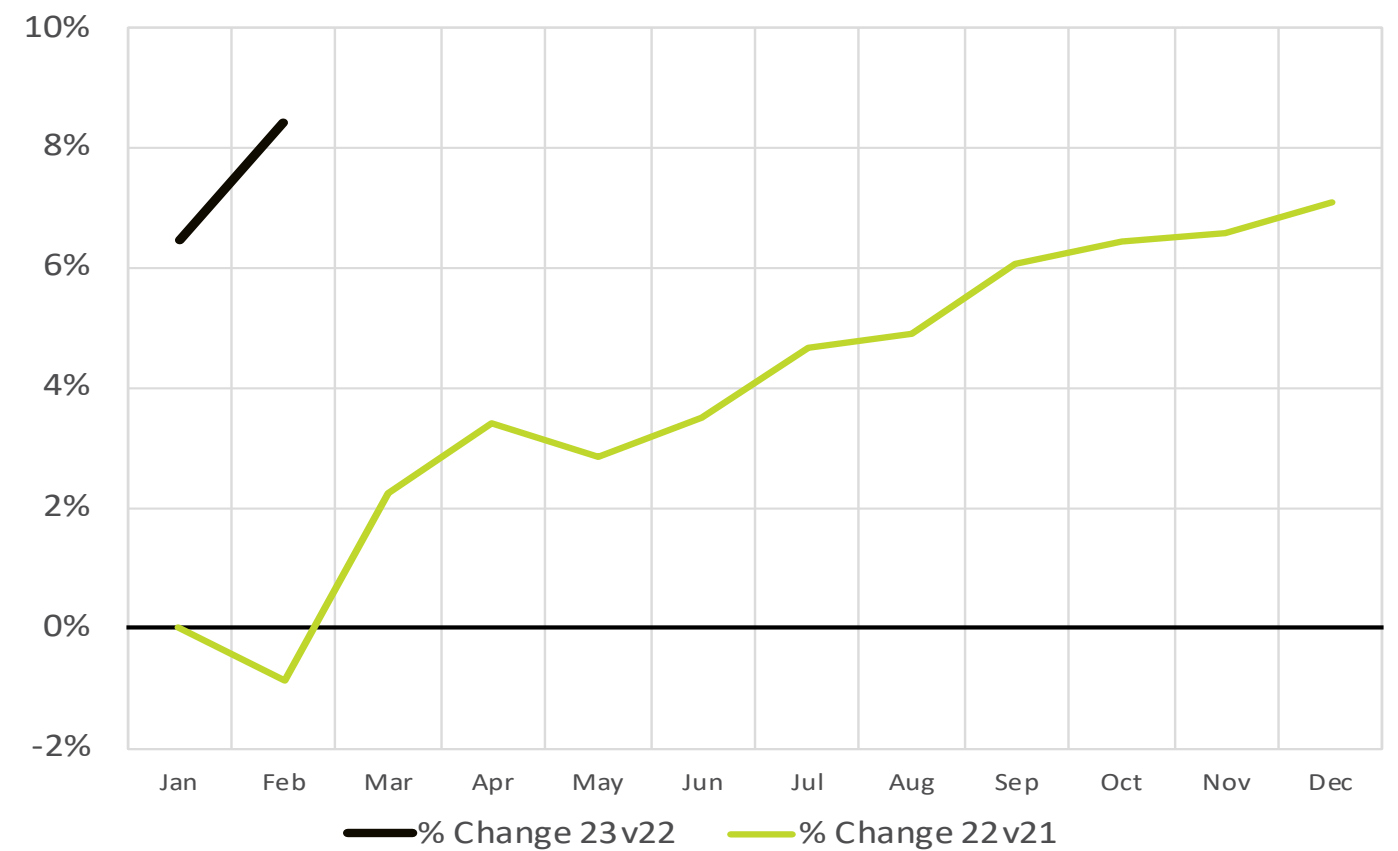
## CREDIT CARD BALANCES

Total credit card balances were up 13.8% for February compared to a year ago. Average credit card account balances measured \$2,918 for February 2023, up only \$6 from the January 2023 average. Additionally, the February 2023 average remains well above the averages for February 2022 and 2021, but still below 2020 and 2019 figures. Compared to February 2022, the average balance was up 8.4%, or \$226.

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



**PERCENTAGE CHANGE IN TOTAL CREDIT CARD BALANCES**  
February

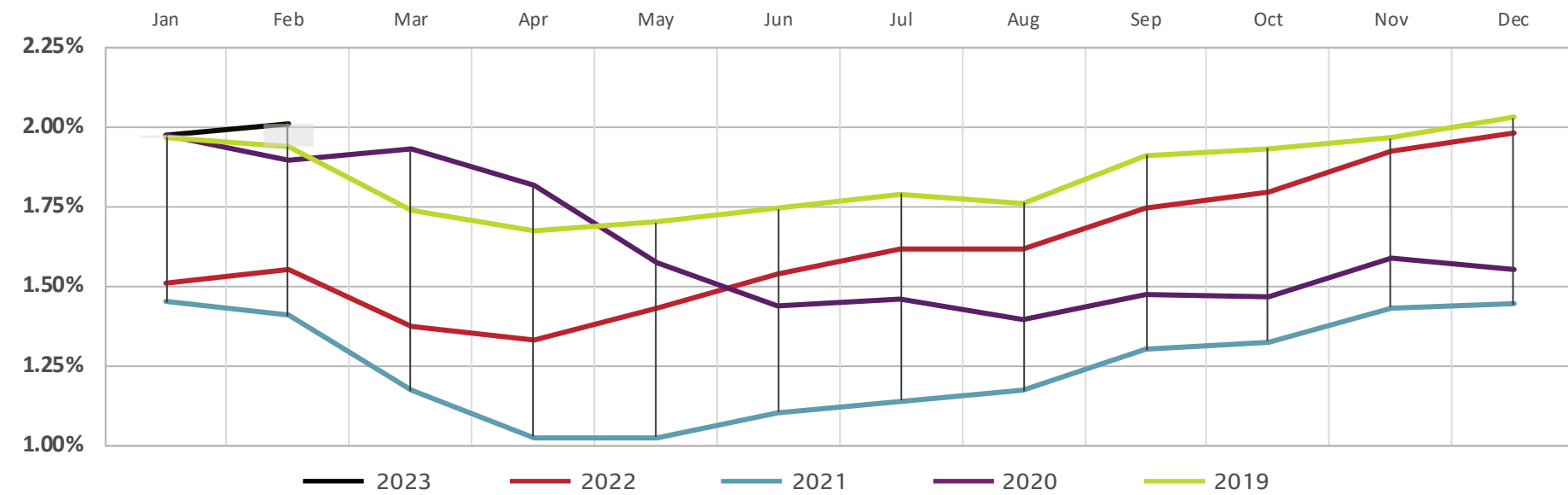


## CREDIT CARD DELINQUENCIES

The February 2023 credit card delinquency rate measured 2.01%, above the pre-pandemic February 2019 rate of 1.94%. Compared to February 2022, the percent delinquent increased 46 basis points, up from 1.56%.

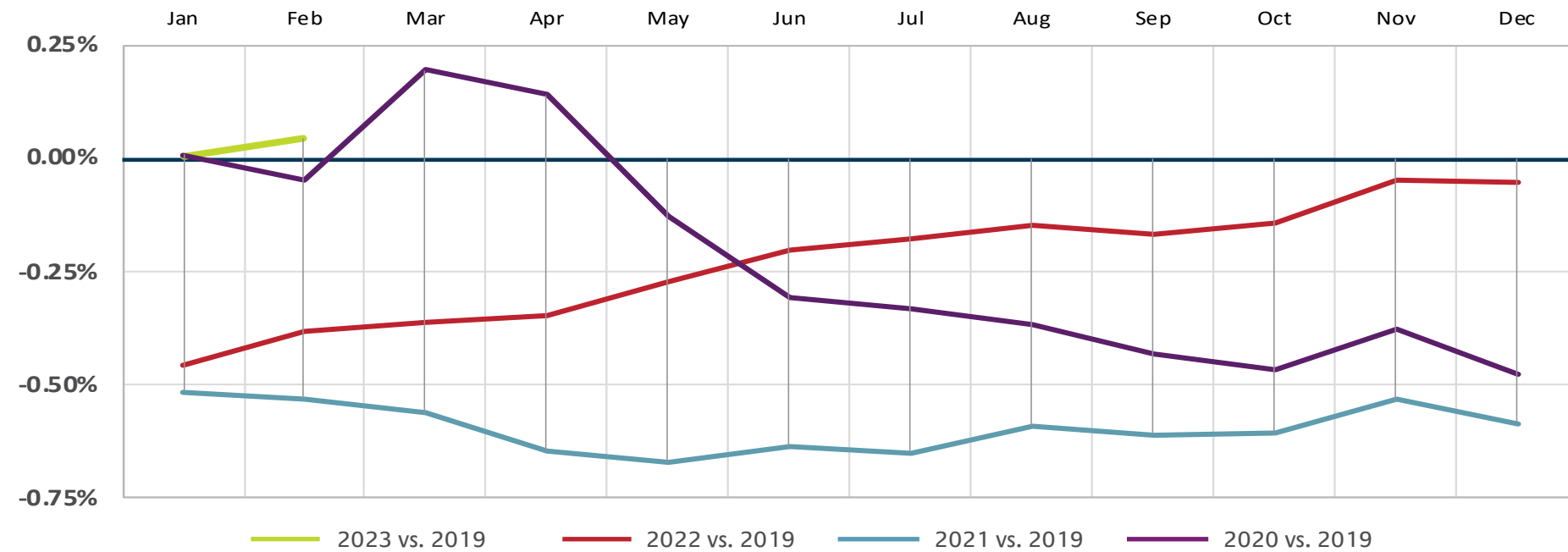
### OVERALL CREDIT CARD DELINQUENCY RATE

February



### CREDIT CARD DELINQUENCY RATES COMPARED TO 2019

February

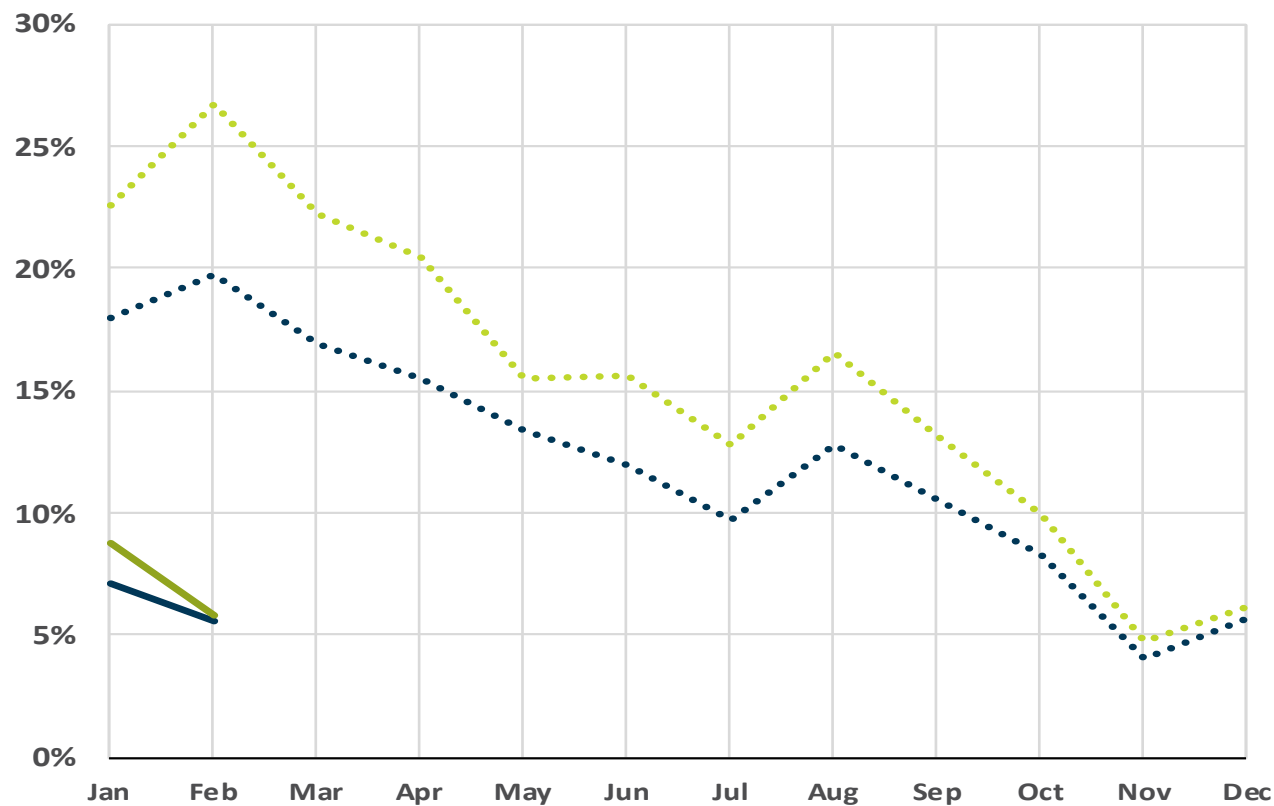


## CREDIT AND DEBIT CARDS

For February 2023, credit purchases were up 6% and debit purchases increased 7% compared to the same timeframe a year ago. Credit transactions grew at the same pace as purchases at 6%, while debit transactions continued to lag purchases with 5% year-over-year growth. Overall consumer card spending growth rates for February declined slightly from January 2023. A portion of the increase in growth beginning in November 2022 may be attributed to increased spending in older generations, as this is when the 8.7% [cost-of-living adjustment \(COLA\)](#) began to impact retirees' monthly income.

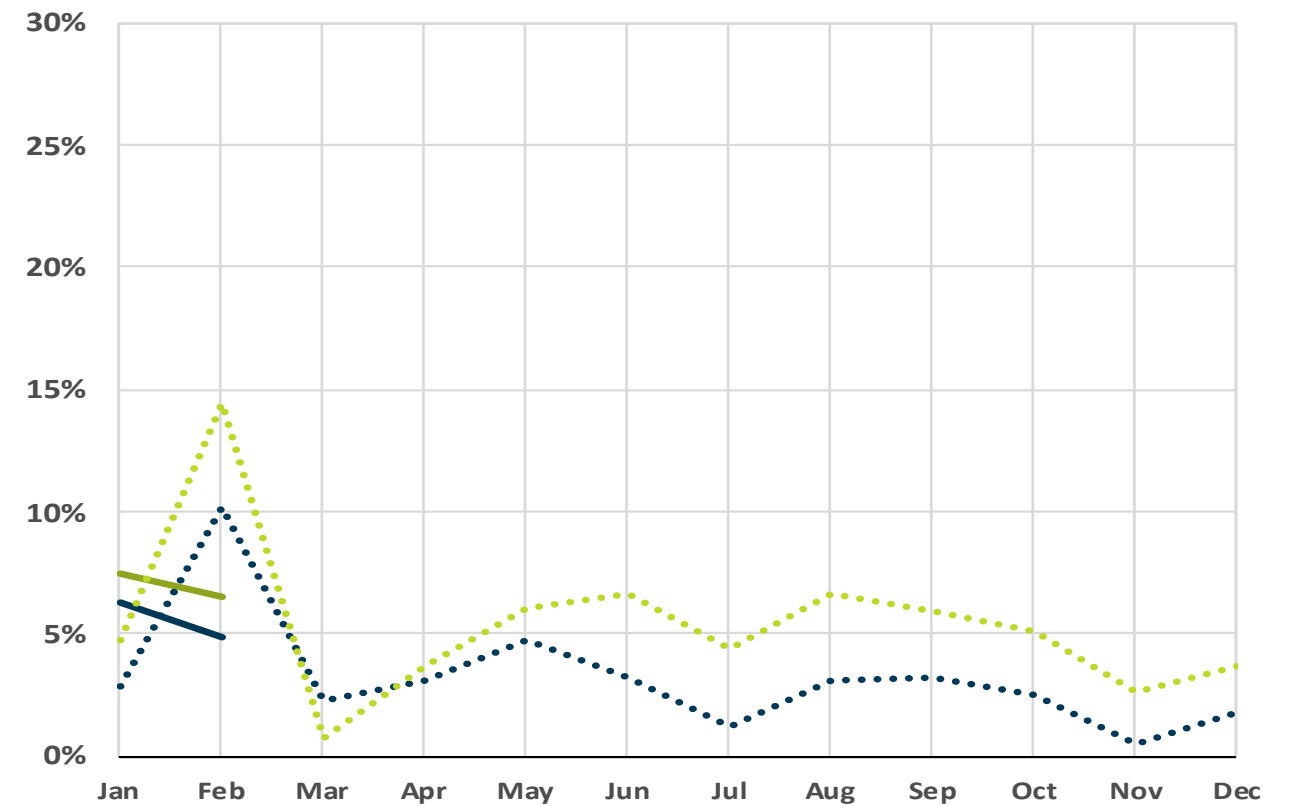
	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2023 v 2022	6%	6%	5%	7%
2022 v 2021	20%	27%	10%	14%

**CREDIT**  
February



— Credit Trans 23v22     — Credit Purchases 23v22  
····· Credit Trans 22v21     ····· Credit Purchases 22v21

**DEBIT**  
February



— Debit Trans 23v22     — Debit Purchases 23v22  
····· Debit Trans 22v21     ····· Debit Purchases 22v21

## DISCRETIONARY AND NON-DISCRETIONARY ACTIVITY

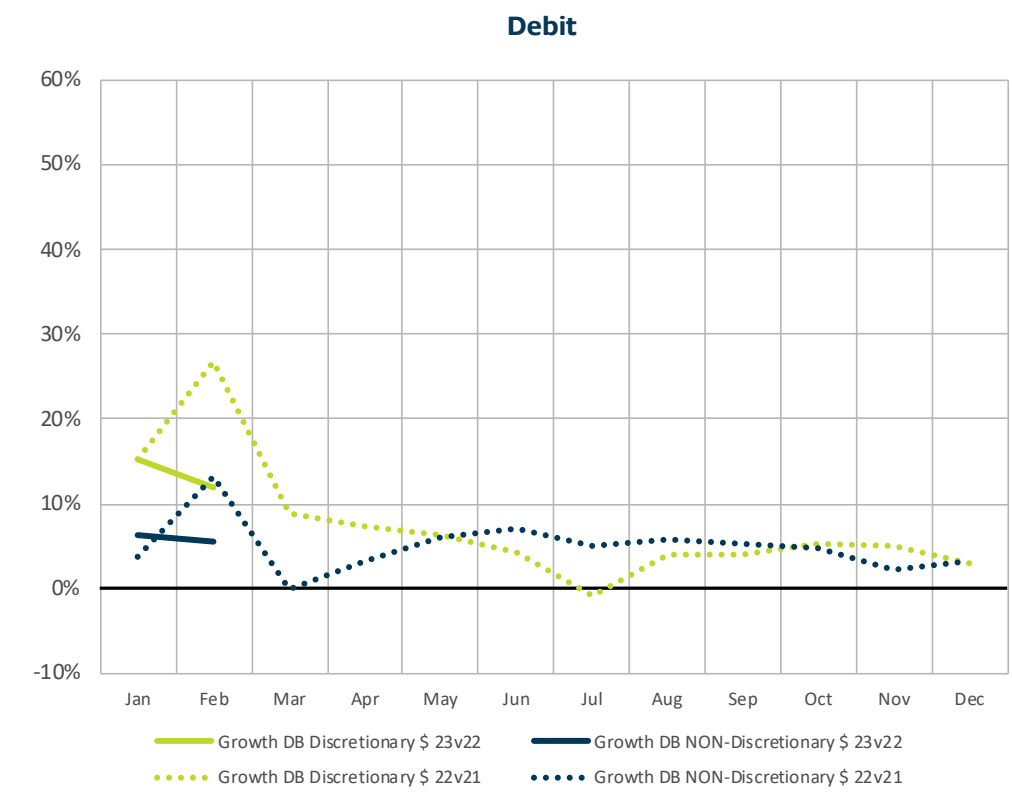
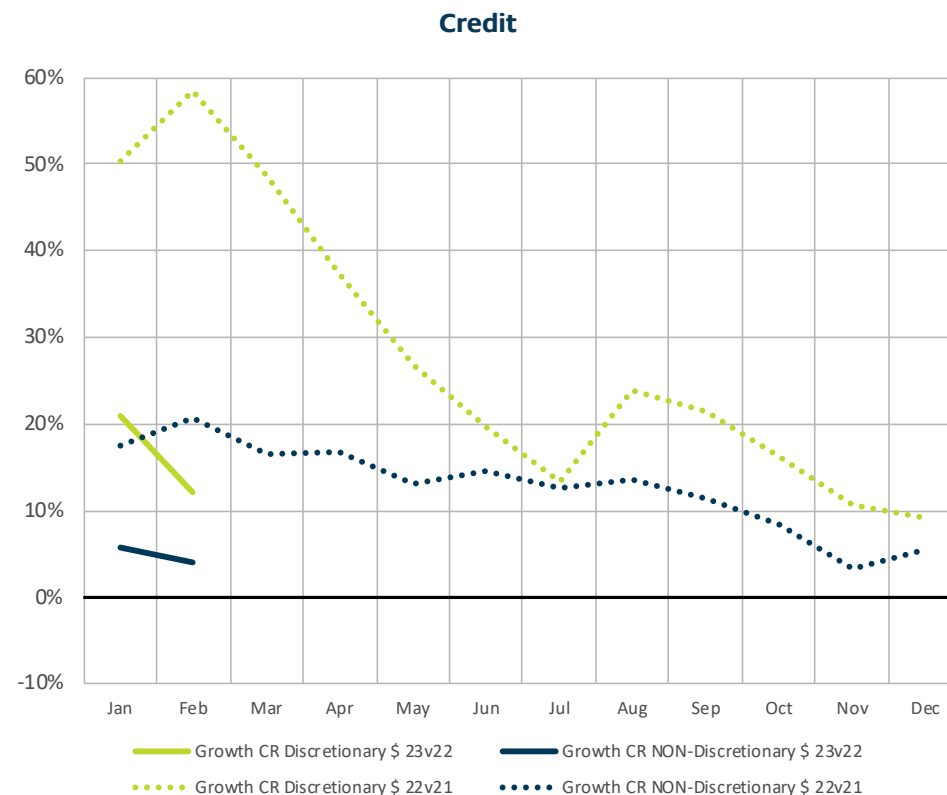
The grouping of expenses into discretionary and non-discretionary provides additional insight in understanding consumer payment activity within a volatile economic climate.

Discretionary activity is made up of most/all of the merchant categories within the Entertainment and Travel sectors and just under half of the merchant categories in the Service sector. There are a few merchant categories identified as discretionary within the Food & Grocery and Goods sectors.

### DISCRETIONARY AND NON-DISCRETIONARY – FEBRUARY 2023

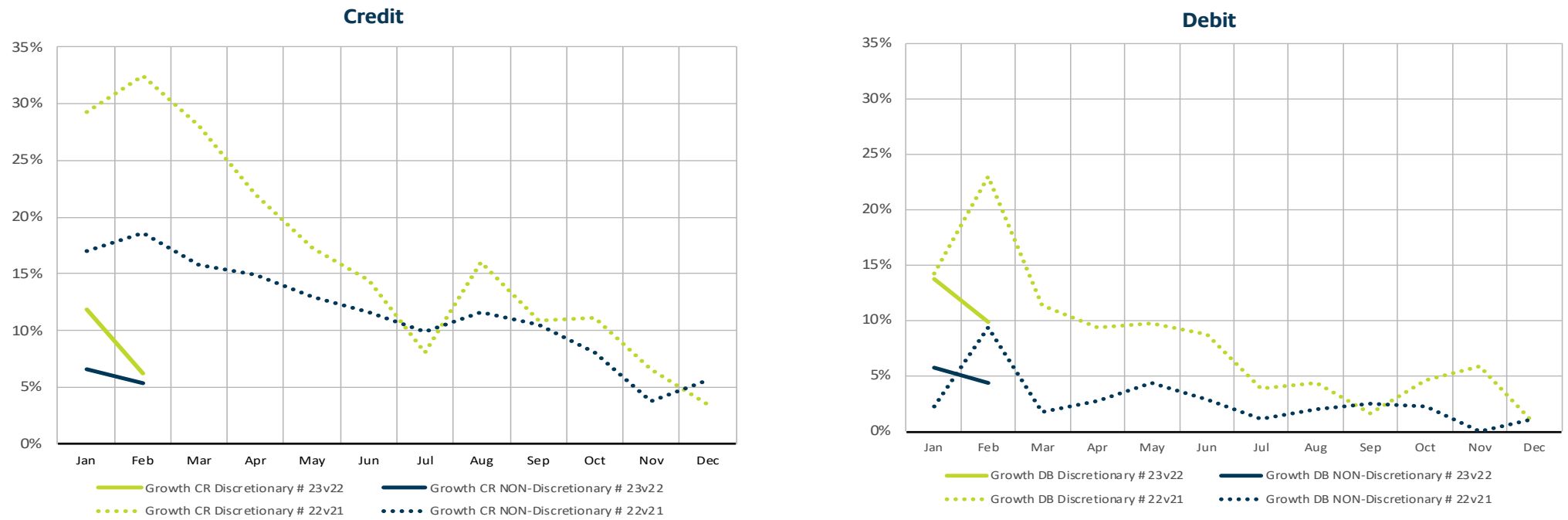
	Credit Purchases			Debit Purchases		
	% of Overall Purchases	YoY Growth	Average Purchase	% of Overall Purchases	YoY Growth	Average Purchase
Discretionary	<b>22%</b>	<b>12%</b>	<b>\$170</b>	<b>12%</b>	<b>12%</b>	<b>\$91</b>
Non-Discretionary	<b>78%</b>	<b>4%</b>	<b>\$62</b>	<b>88%</b>	<b>6%</b>	<b>\$43</b>

### GROWTH IN DISCRETIONARY/NON-DISCRETIONARY OVERALL PURCHASES

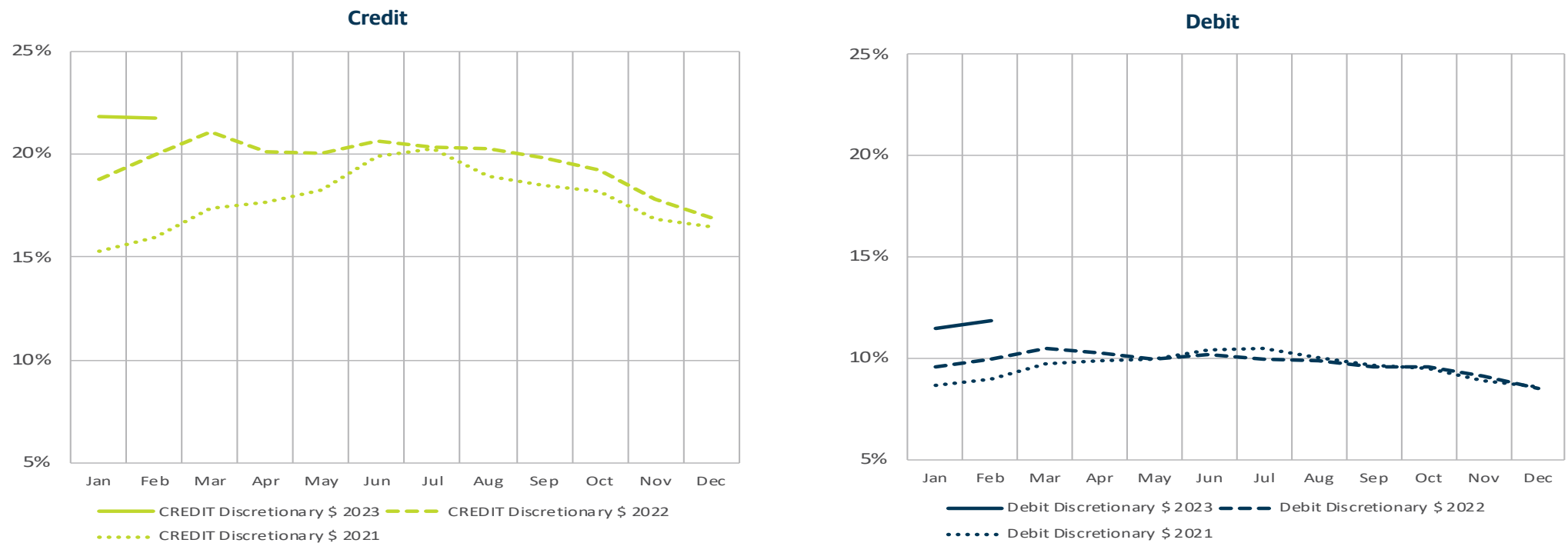


For February 2023, consumer discretionary spending accounted for 22% of overall credit purchases and 12% of overall debit purchases. Both credit and debit discretionary purchases experienced a 12% growth year over year. Non-discretionary credit and debit purchases were up 4% and 6%, respectively, compared to February 2022.

## GROWTH IN DISCRETIONARY/NON-DISCRETIONARY OVERALL TRANSACTIONS




## DISCRETIONARY PURCHASES AS A PERCENTAGE OF OVERALL PURCHASES



## SECTORS/MERCHANT CATEGORIES


The sectors with the highest year-over-year growth for February credit purchases remained unchanged from January, although growth rates were lower: Transportation (+21%), Travel (+18%), Restaurants (+14%) and Entertainment (+13%). The Transportation sector is the only one with double-digit growth in transactions, which was the same as purchases (+21%).

For debit, the Travel (+17%), Transportation (+15%), Money Services (+13%), Restaurants (+13%) and Entertainment (+11%) sectors experienced double-digit year-over-year growth in purchases for February. Transaction growth in the Transportation (+16%) and Money Services (+15%) sectors outpaced purchase rates.




**ENTERTAINMENT**  
January 2023 V 2022

	Credit	Debit
YoY Purchases	13%	11%
YoY Transactions	9%	9%




**FOOD & GROCERIES**  
January 2023 V 2022

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




**GASOLINE**  
January 2023 V 2022

	Credit	Debit
YoY Purchases	0%	-1%
YoY Transactions	3%	0%




**GOODS**  
January 2023 V 2022

	Credit	Debit
YoY Purchases	0%	2%
YoY Transactions	3%	3%




**MONEY SERVICES**  
January 2023 V 2022

	Credit	Debit
YoY Purchases	-1%	14%
YoY Transactions	-1%	15%




**RESTAURANTS**  
January 2023 V 2022

	Credit	Debit
YoY Purchases	14%	13%
YoY Transactions	9%	7%



**SERVICES**  
January 2023 V 2022

	Credit	Debit
YoY Purchases	7%	5%
YoY Transactions	4%	4%



**TRANSPORTATION**  
January 2023 V 2022

	Credit	Debit
YoY Purchases	21%	15%
YoY Transactions	21%	16%



**TRAVEL**  
January 2023 V 2022

	Credit	Debit
YoY Purchases	18%	17%
YoY Transactions	8%	5%



**UTILITIES**  
January 2023 V 2022

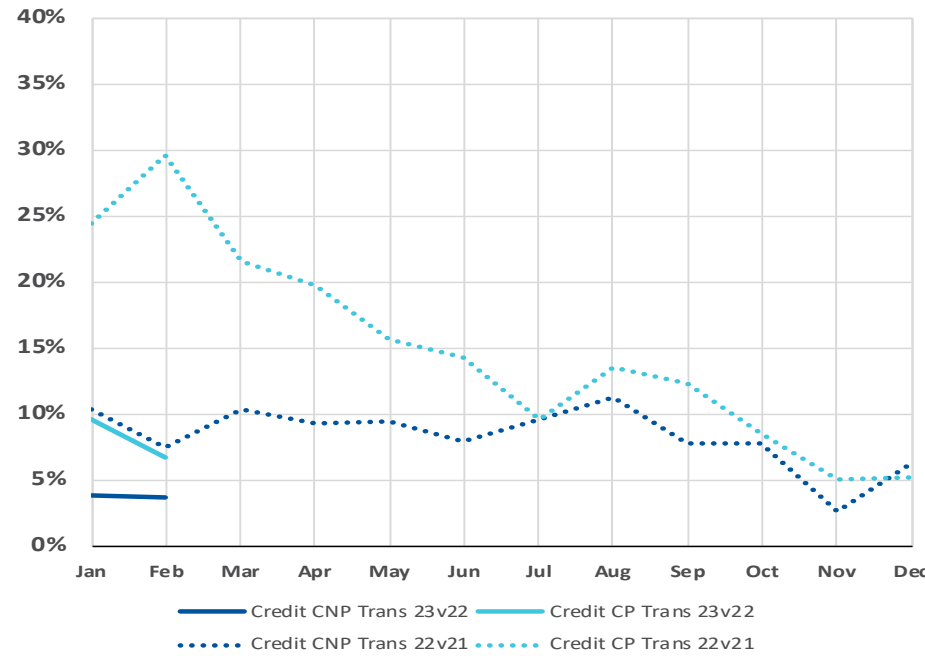
	Credit	Debit
YoY Purchases	5%	4%
YoY Transactions	4%	0%

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

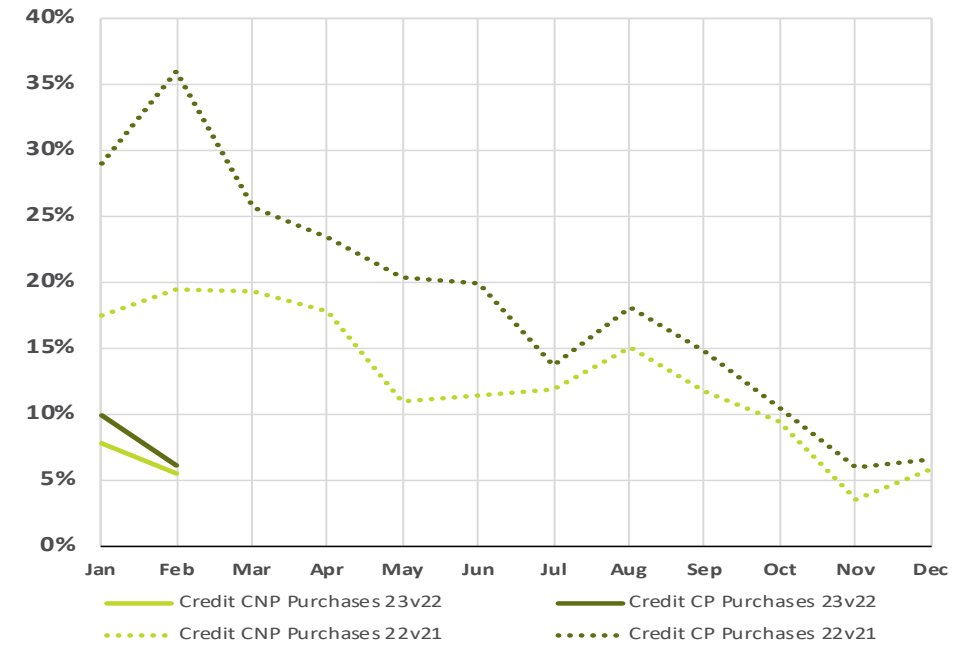
Card Not Present (CNP) credit purchases represented 54% of all purchases in February 2023, up from 52% for February 2022. CNP debit purchases represented 49% of overall debit purchases in February, up from 48% for the prior year.

Year-over-year growth in credit transaction volumes increased by 4% for CNP and 7% for Card Present (CP). For debit transactions, CNP increased 4% while CP transactions were up 6% compared to February 2022.

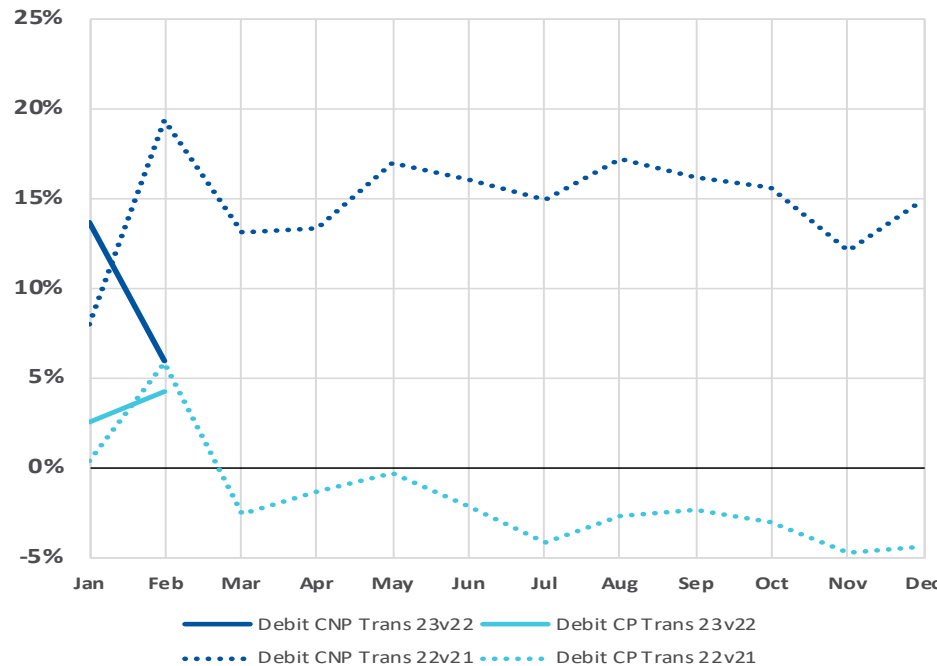
**YOY % GROWTH IN CREDIT TRANSACTIONS**  
February



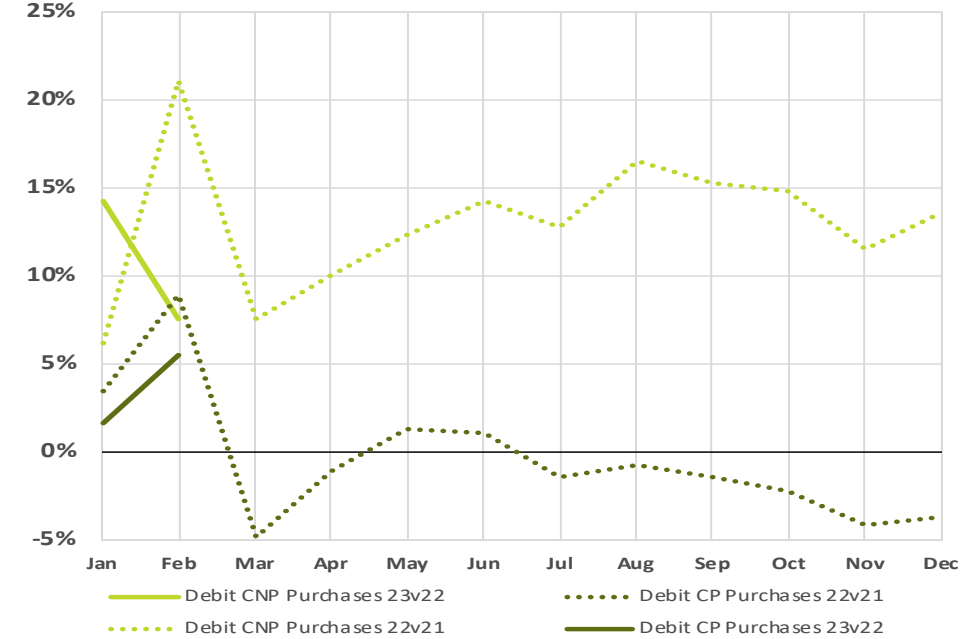
**YOY % GROWTH IN CREDIT PURCHASES**  
February



**YOY % GROWTH IN DEBIT TRANSACTIONS**  
February



**YOY % GROWTH IN DEBIT PURCHASES**  
February

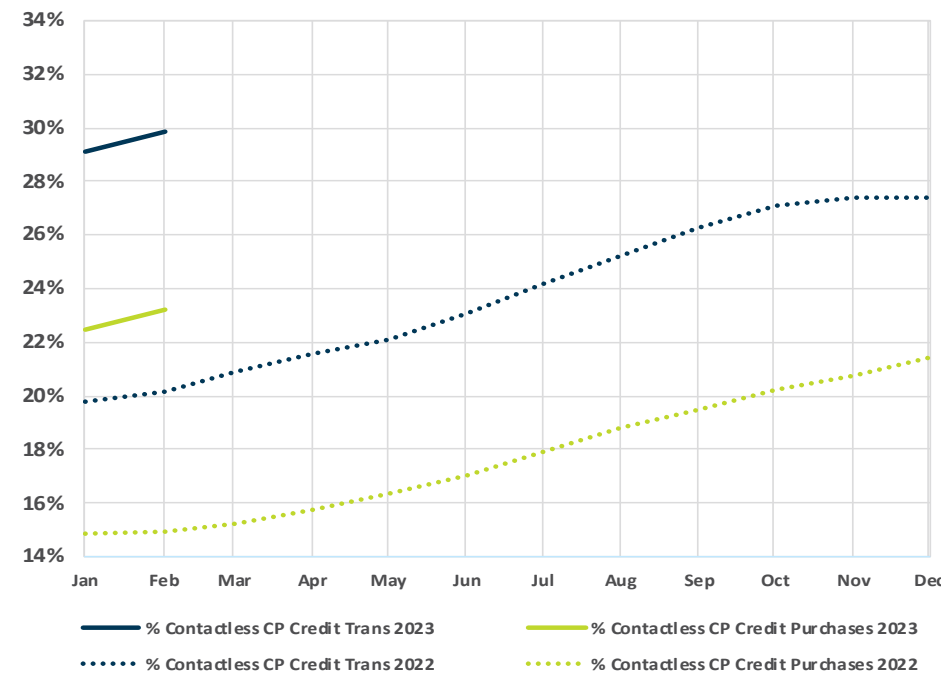


## CONTACTLESS TRANSACTIONS

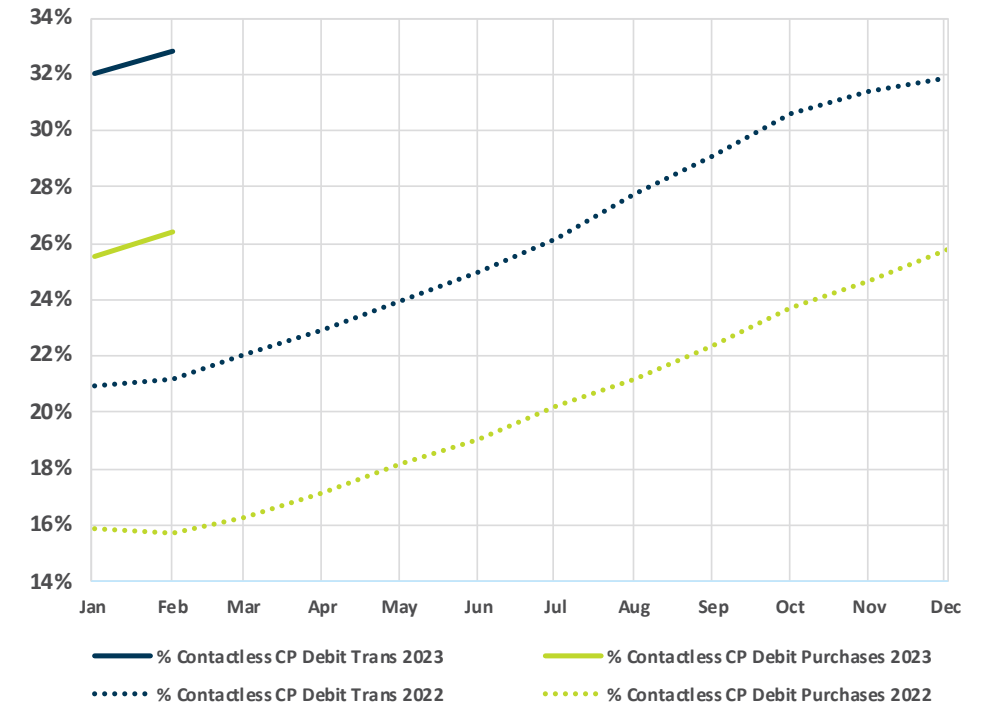
In February 2023, contactless tap-and-go credit transactions comprised 30% of total Card Present volume on contactless cards, compared to 20% in February 2022. For debit, contactless tap-and-go transactions comprised 33%, compared to 21% in February 2022.

The transaction size continues to suggest contactless represents smaller-dollar transactions, as the average contactless purchase remains well below the overall average card purchase. For February, the average credit contactless purchase measured \$45.33, 38% lower than the overall credit Card Present purchase of \$57.60, while the average debit contactless purchase was \$26.73, 42% lower than the overall debit Card Present average purchase of \$36.18.

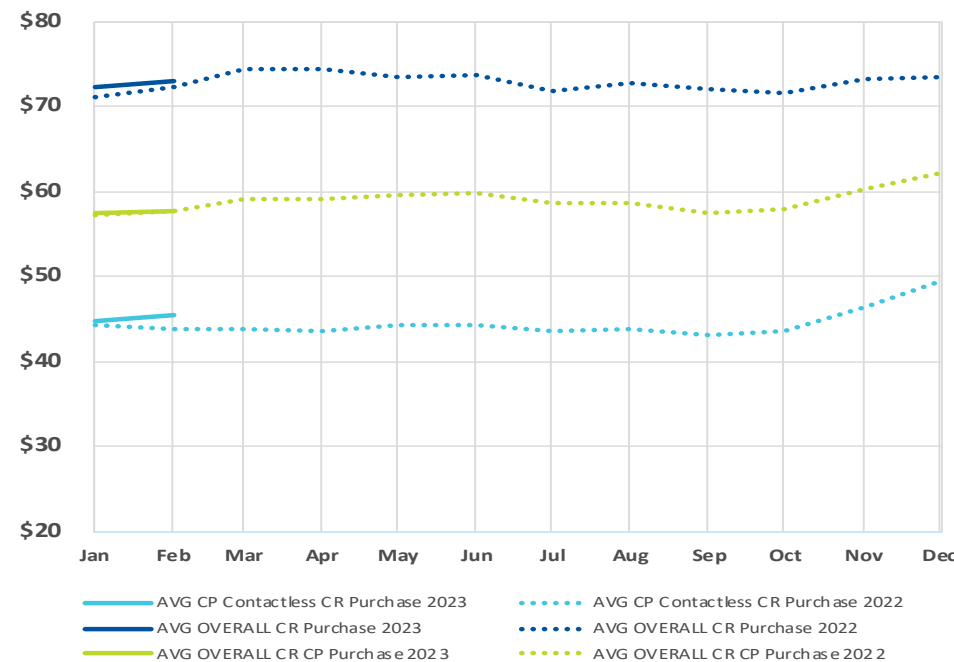
**% CONTACTLESS CREDIT ACTIVITY ON CONTACTLESS CARDS**  
February



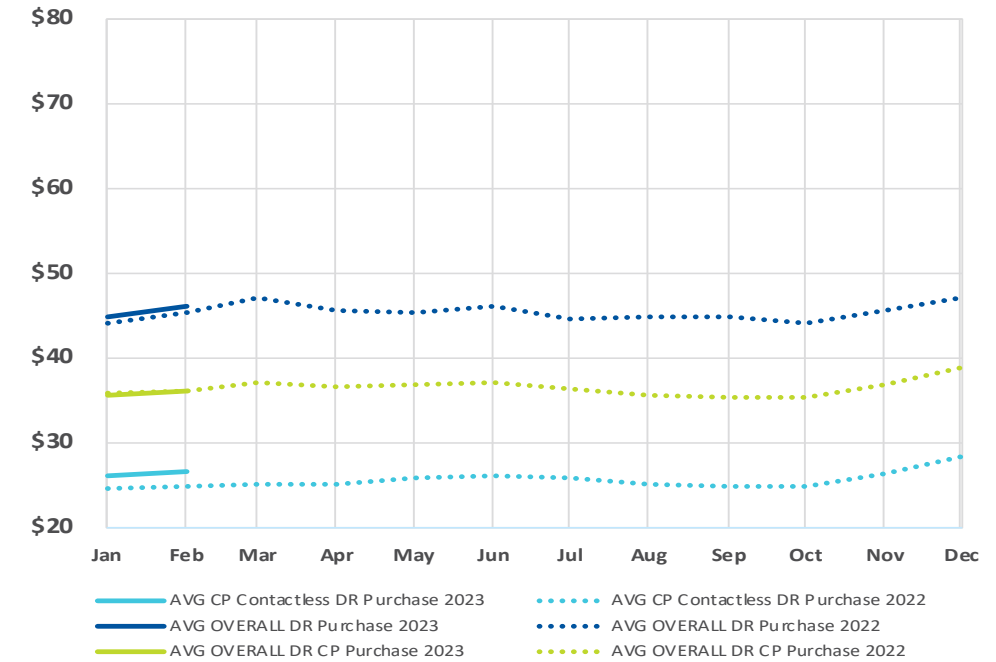
**% CONTACTLESS DEBIT ACTIVITY ON CONTACTLESS CARDS**  
February



**CONTACTLESS CREDIT AVERAGE PURCHASE**  
February



**CONTACTLESS DEBIT AVERAGE PURCHASE**  
February

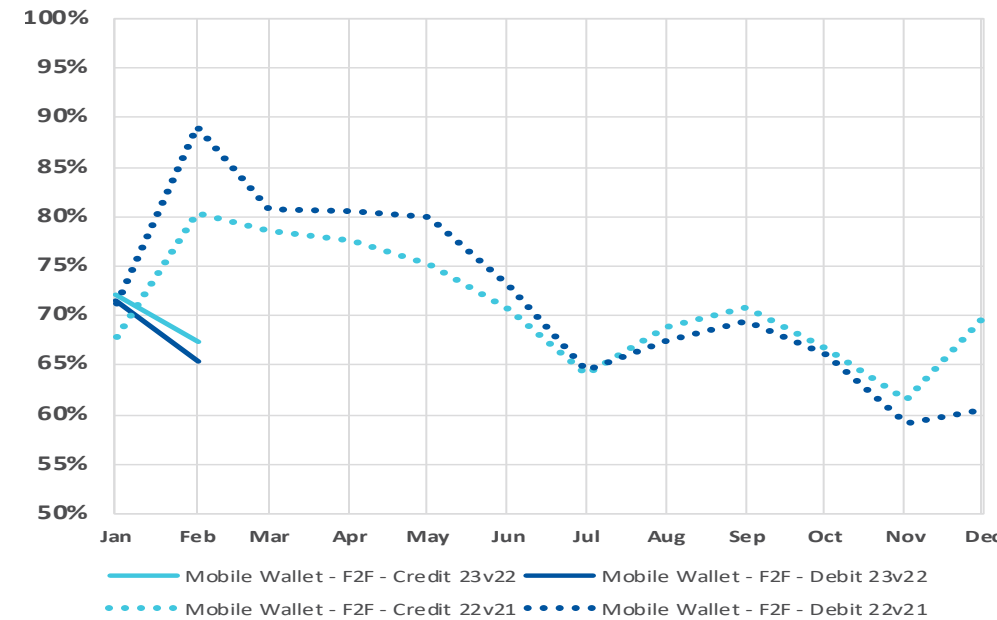




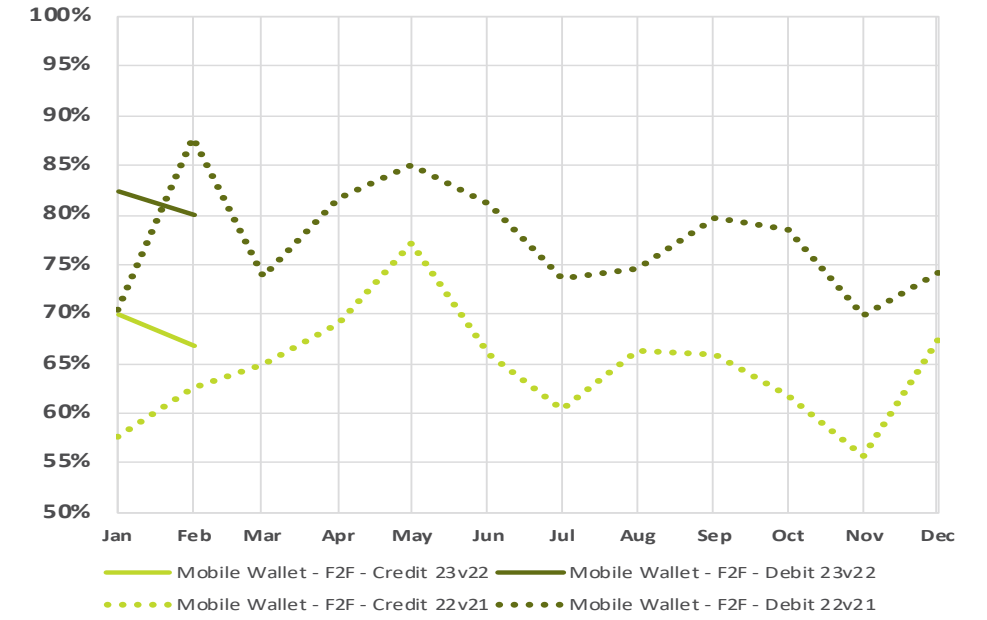
## MOBILE WALLETS

Mobile Wallet year-over-year transaction growth measured 67% for credit and 65% for debit compared to February 2022. Mobile Wallet purchase performance for February showed debit outpacing credit at 80% versus 67% year-over-year growth, respectively. The average Mobile Wallet credit purchase measured \$29.45, down 0.3% (or \$0.08) compared to February 2022, while the average debit purchase increased 8.9% (or \$1.56) to \$19.11.

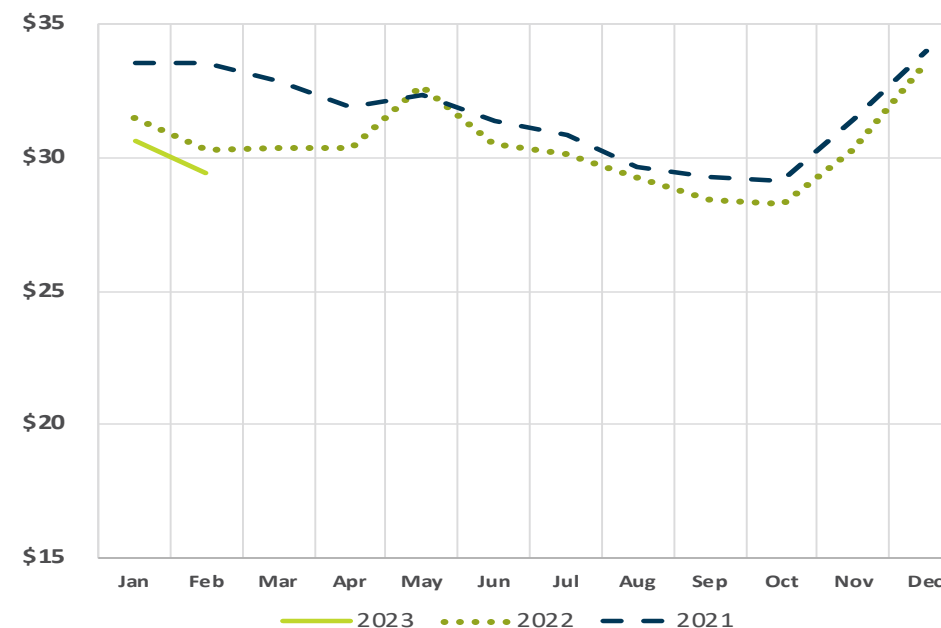
**YOY % GROWTH IN MOBILE WALLET TRANSACTIONS**  
February



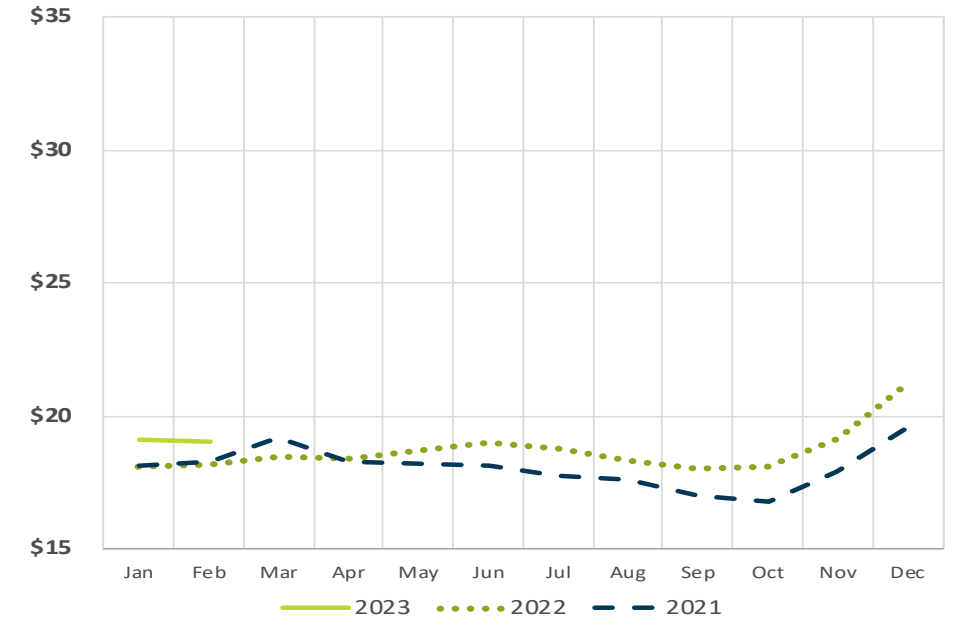
**YOY % GROWTH IN MOBILE WALLET PURCHASES**  
February



**MOBILE WALLET CREDIT AVERAGE PURCHASE**  
February



**MOBILE WALLET DEBIT AVERAGE PURCHASE**  
February





## ABOUT THE PSCU PAYMENTS INDEX

The PSCU Payments Index provides timely insights, trend analysis and thought leadership on consumer payment preferences and behavior. Distributed monthly to financial institutions, the payments market and industry media, the PSCU Payments Index is designed to help financial institutions make strategic, data-informed decisions on behalf of their members.

For current year results, credit unions included in the PSCU Payments Index data set have been processing with PSCU from the start of 2021 through the most current month of 2023, enabling an accurate and relevant year-over-year same-store comparison (2023 vs. 2022, 2023 vs. 2021) for purchasing behaviors and data.

For the “same-store” population of credit unions over the past rolling 12-month period, the March edition of the Payments Index represents a total of 2.8 billion transactions valued at \$144 billion of credit and debit card activity from March 2022 through February 2023.

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 [pscuh.com](#).