

PSCU, the nation's premier payments credit union service organization, has updated its weekly transaction analysis from its Owner credit union members on a same-store basis to identify the impact of COVID-19 on consumer spending and shopping trends.

To provide relevant updates on market performance, experts from PSCU's Advisors Plus and Data & Analytics teams today released year-over-year weekly performance trends. In this week's installment, PSCU compares the first week of the year (the week ending Jan. 3, 2021 compared to the week ending Jan. 5, 2020).



OVERALL SPEND

Card payment volume growth rates were mixed, with stronger results in debit for the first week of January 2021.

Debit
↑ **16.4%**

Debit card spend is up 16.4% in Week 1 and debit transactions finished up 3.9%. Debit purchases are higher than the four-week average of +15.1% while transactions are in line with the four-week average of +3.7%.

Credit
↑ **1.9%**

Credit card spend in Week 1 finished up 1.9%, lower than the four-week average of 2.9%. Transactions finished down 1.6%, in line with the four-week average of -1.6%.

CONSUMERS CONTINUE TO SHOW STRONG ADOPTION OF DIGITAL PAYMENTS, INCLUDING CONTACTLESS, MOBILE WALLETS AND CARD NOT PRESENT (CNP) ALTERNATIVES, WHILE USING LESS CASH.



CONTACTLESS
16.9% of Debit Card Present Transactions

12.7% of Credit Card Present Transactions

Contactless "tap-and-go" transactions via dual interface cards continue to show strong consumer acceptance, with debit showing notable strength. Debit contactless transactions as a percent of card present activity on contactless debit cards have doubled from around 8.4% in January 2020 to 16.9% in Week 1 of 2021. Contactless credit transactions have also grown from 6.5% to 12.7% of card present activity on contactless credit cards in the same timeframe. We continue to view these results as conservative, as the ratio considers the proportion of contactless activity to all card present transactions, not just those able to be tapped.



MOBILE WALLETS
↑ **66.7%** Debit
↑ **45.8%** Credit

Mobile wallet (i.e. "Pays") transactions and purchases for both credit and debit cards continue to show good growth with Card Present activity. Debit mobile wallet purchases finished Week 1 up 66.7% year over year, higher than the four-week average of +64.4%. Credit mobile wallet purchases are up 45.8% year over year, also higher than the four-week average of +43.7%. These results represent six supported mobile wallets: Apple Pay, Fitbit Pay, Garmin Pay, Google Pay, LG Pay and Samsung Pay.



DEBIT CARD NOT PRESENT
44.7% of Purchases
32.2% of Transactions

CREDIT CARD NOT PRESENT
55.9% of Purchases
46.4% of Transactions

We continue to see more volume conducted via Card Not Present (CNP) transactions. For credit, 55.9% of purchase volume and 46.4% of transactions are CNP. For debit, 44.7% of purchase volume and 32.2% of transactions are CNP. Purchase mix has held steady and is up 6.5 percentage points year over year for credit and 6.4 percentage points for debit. Transaction mix also remains steady, up 9.1 percentage points for credit and 7.5 percentage points for debit year over year.



ATM
↓ **18.6%** Withdrawals

Cash withdrawal transactions at the ATM remain down year over year. For the most recent week, the number of cash withdrawals was down 18.6%, in line with the four-week average of -18.9%. For the pandemic period of Weeks 13 through 52, total cash withdrawn was down 13.9%.

FROM A MERCHANT CATEGORY PERSPECTIVE, THE START OF 2021 CONTINUES WITH STRONG RESULTS IN GOODS, SERVICE AND GROCERY STORES AND CHALLENGING YEAR-OVER-YEAR PERFORMANCE FOR TRAVEL, ENTERTAINMENT AND RESTAURANTS.



GOODS
↑ **38.4%** Debit
↑ **21.7%** Credit

Goods spend was up 38.4% year over year for debit and up 21.7% for credit.



SERVICE
↑ **12.8%** Debit
↑ **7.1%** Credit

Service spend was up 12.8% year over year for debit and up 7.1% for credit.



GROCERY
↑ **10.5%** Debit
↑ **15.1%** Credit

Grocery spend was up 10.5% for debit and up 15.1% for credit.



TRAVEL
↓ **24.7%** Debit
↓ **49.9%** Credit

Travel was down 24.7% year over year for debit and down 49.9% for credit.



ENTERTAINMENT
↓ **27.7%** Debit
↓ **43.0%** Credit

Entertainment was down 27.7% for debit and down 43.0% for credit.

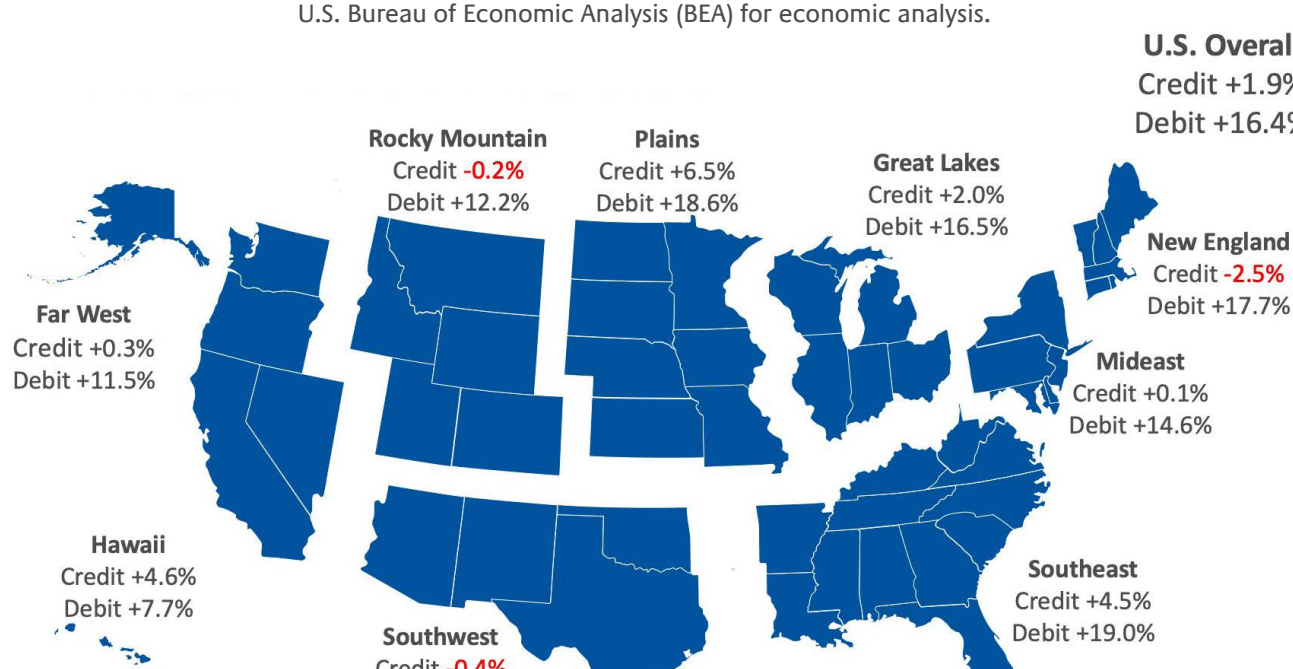


RESTAURANTS
↓ **1.8%** Debit
↓ **21.3%** Credit

Restaurants were down 1.8% for debit and down 21.3% for credit.

REGIONAL SPENDING TRENDS

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



DEBIT

Overall U.S. spend was up 16.4% for debit purchases. The Plains (+18.6%) and Southeast (+19.0%) finished as the strongest regions for Week 1. Hawaii (+7.7%) and the Rocky Mountain (+12.2%) region had the lowest debit purchase performance.

CREDIT

Overall U.S. spend was up 1.9% for credit purchases. The Plains (+6.5%) and Southeast (+4.5%) finished as the strongest regions for Week 1. The New England (-2.5%) and Southwest (-0.4%) had the lowest credit purchase performance.

THIS WEEK'S DEEPER DIVE LOOKS AT RETURNS OVER THE HOLIDAY PERIOD IN THE GOODS SECTOR.

Returns within the Goods sector over the cumulative nine-week holiday period (Nov. 2 through Jan. 3) are up. For credit cards, return transactions are up 5.0% and return purchases are up 16.1%. For debit cards, return transactions are up 25.7% and return purchases are up 43.8%.



RETURN TRANSACTIONS
↑ **51.5%** Debit
↑ **10.0%** Credit

For the week ending Jan. 3, there is a significant increase in returns for both debit and credit. Debit return transactions finished up 51.5% and debit return purchases are up 76.2% year over year. Credit return transactions finished up 10.0% and credit return purchases are up 19.4%.



RETURN PURCHASES
↑ **76.2%** Debit
↑ **19.4%** Credit

While returns are up considerably year over year, increases were expected given the significant growth in CNP purchases, which typically see returns up to three times higher than CP purchases. Additionally, shipping companies generally predict Jan. 2 as the highest day for return volume as consumers emerge from the holiday period.



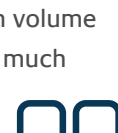
AVERAGE RETURN PURCHASE AMOUNT
-\$55.49 Debit
-\$75.95 Credit

The average return purchase is also up. For the week ending Jan. 3, the average debit card return in the Goods sector is -\$55.49, up 16.3% year over year. The average credit return in the Goods sector is -\$75.95, up 8.5% year over year.



The first week of 2021 showed mixed card payment volume growth rates, with stronger results in debit. Strong performance continued across the Goods, Service and Grocery merchant categories. In this week's deeper dive, we explore the increased volume of holiday purchase returns within the Goods sector. With the considerable growth in ecommerce activity throughout the holiday season, return volume rose as expected to rise compared to past years, as Card Not Present purchases typically generate much higher returns than Card Present purchases.

— *Glynn Frechette, SVP, Advisors Plus Consulting at PSCU*



PSCU's Weekly U.S. State/Territory Analysis is available on pscuhq.com/covid19, ranking U.S. states and territories by year-over-year performance for debit purchases, credit purchases and ATM transactions.

PSCU will continue to develop and share analysis of transaction trends on a regular basis moving forward through the COVID-19 crisis. For more COVID-19 support resources, visit pscuhq.com/covid19.