

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 second week of the year (the week ending Jan. 10, 2021 compared to the week ending Jan. 12, 2020).



OVERALL SPEND

While spending for credit and debit was strong for the second week of January 2021, extraordinary growth in debit purchases was likely fueled by deposits from the second round of COVID-19 relief funding.

Debit
↑ **37.9%**

Debit card spend is up 37.9% in Week 2 and debit transactions finished up 12.3%. Debit purchases are higher than the four-week average of +21.1% and transactions are higher than the four-week average of +6.1%.

Credit
↑ **3.9%**

Credit card spend in Week 2 finished up 3.9%, higher than the four-week average of 2.8%. Transactions finished down 2.8%, in line with the four-week average of -2.1%.

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



CONTACTLESS
18.1% of Debit Card Present Transactions

13.2% 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 more than doubled from around 8.4% in January 2020 to 18.1% in Week 2 of 2021. Contactless credit transactions have also more than doubled, growing from 6.5% to 13.2% 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
↑ **76.0%** Debit
↑ **39.8%** 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 2 up 76.0% year over year, higher than the four-week average of +68.4%. Credit mobile wallet purchases are up 39.8% year over year, lower than the four-week average of +42.4%. These results represent six supported mobile wallets: Apple Pay, Fitbit Pay, Garmin Pay, Google Pay, LG Pay and Samsung Pay.



DEBIT CARD NOT PRESENT
47.0% of Purchases
32.8% of Transactions

CREDIT CARD NOT PRESENT
58.0% of Purchases
47.8% of Transactions

We continue to see more volume conducted via Card Not Present (CNP) transactions. For credit, 58.0% of purchase volume and 47.8% of transactions are CNP. For debit, 47.0% of purchase volume and 32.8% of transactions are CNP. Purchase mix has held steady and is up 8.0 percentage points year over year for credit and 8.9 percentage points for debit. Transaction mix also remains steady, up 11.7 percentage points for credit and 9.2 percentage points for debit year over year.



ATM
↓ **7.7%** Withdrawals

Overall ATM usage is positive for the first time since March 2020, up +0.5%. Leading the increase for last week are deposits, up 16.9%, and balance inquiries, up 13.7%. Cash withdrawal transactions at the ATM still remain down year over year. For the most recent week, the number of cash withdrawals was down 7.7%, higher than the four-week average of -15.6%.

FROM A MERCHANT CATEGORY PERSPECTIVE, THE START OF 2021 CONTINUES TO SHOW STRONG RESULTS IN GOODS, UTILITIES, SERVICE AND GROCERY STORES, WHILE YEAR-OVER-YEAR PERFORMANCE FOR TRAVEL, GASOLINE AND RESTAURANTS REMAINS DEPRESSED.



GOODS
↑ **62.8%** Debit
↑ **25.8%** Credit



UTILITIES
↑ **44.3%** Debit
↑ **14.6%** Credit



SERVICE
↑ **44.3%** Debit
↑ **9.5%** Credit



GROCERY
↑ **24.4%** Debit
↑ **13.5%** Credit



TRAVEL
↓ **7.0%** Debit
↓ **54.3%** Credit



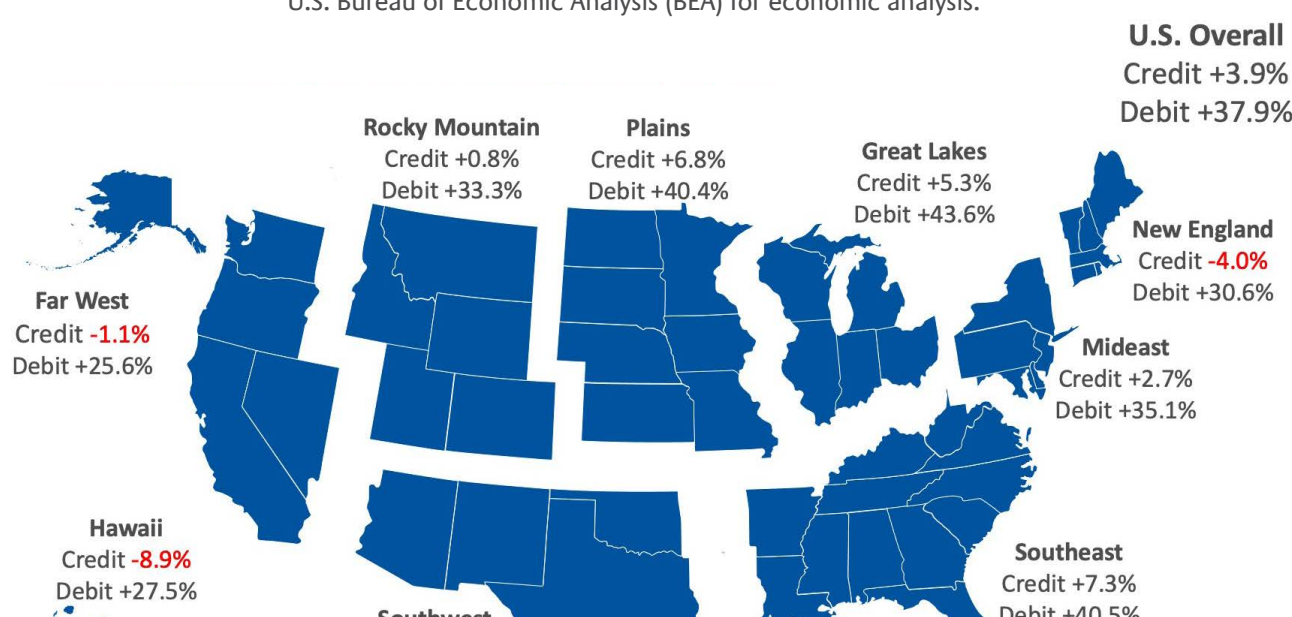
GASOLINE
↓ **1.1%** Debit
↑ **20.4%** Credit



RESTAURANTS
↑ **13.1%** Debit
↓ **20.4%** 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 37.9% for debit purchases. The Great Lakes (+43.6%), Plains (+40.4) and Southeast (+40.5%) regions finished as the strongest for Week 2. Hawaii (+27.5%) and the Far West (+25.6%) region had the lowest debit purchase performance.

CREDIT

Overall U.S. spend was up 3.9% for credit purchases. The Plains (+6.8%) and Southeast (+7.3%) finished as the strongest regions for Week 2. Hawaii (-8.9%) and the New England (-4.0%) had the lowest credit purchase performance.

THIS WEEK'S DEEPER DIVE LOOKS AT U.S. REGIONAL PERFORMANCE FOR ALL SECTORS THROUGHOUT 2020.

Consumer purchasing behavior has been greatly affected by COVID-19 since the global health crisis began in March 2020. Throughout the pandemic, there have been regional hot zones and surges in hospitalizations, along with state-level governmental orders to help reduce the spread of the virus. Significant increases in unemployment greatly impacted consumer spending, while spikes occurred when federal stimulus monies were injected into the economy in April 2020 and, most recently, in January 2021.

We have ranked each of the U.S. regions for the aggregate COVID-19 pandemic period of Mar. 16 through Jan. 10 (Week 12 of 2020 through Week 2 of 2021) using an equal weighting of year-over-year growth for credit purchases, debit purchases and ATM transactions. The regions are listed in order of top performing to most impacted over this 43-week period.

1 SOUTHEAST

↑ **14.8%** Debit
↓ **2.4%** Credit
↓ **11.5%** ATM

2 PLAINS

↑ **15.5%** Debit
↓ **1.1%** Credit
↓ **19.1%** ATM

3 GREAT LAKES

↑ **13.8%** Debit
↓ **3.2%** Credit
↓ **17.9%** ATM

4 SOUTHWEST

↑ **11.0%** Debit
↓ **3.9%** Credit
↓ **13.7%** ATM

5 ROCKY MOUNTAIN

↑ **8.1%** Debit
↓ **5.8%** Credit
↓ **17.5%** ATM

6 MIDEAST

↑ **11.3%** Debit
↓ **6.4%** Credit
↓ **25.5%** ATM

7 NEW ENGLAND

↑ **9.8%** Debit
↓ **9.2%** Credit
↓ **19.4%** ATM

8 FAR WEST

↑ **7.5%** Debit
↓ **6.8%** Credit
↓ **21.8%** ATM

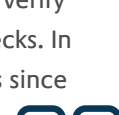
9 HAWAII

↑ **7.2%** Debit
↓ **11.5%** Credit
↓ **27.2%** ATM



Spending was strong in Week 2 for both credit and debit, with federal stimulus payments fueling record debit card purchase growth. Delivery of stimulus payments occurred in a more condensed timeframe this round, resulting in a significant positive impact on consumer spending. ATM transactions also experienced large increases, as consumers conducted balance inquiries to verify receipt of stimulus funds, along with increased deposit activity for those who received paper checks. In this week's deeper dive, we take an aggregated look back at regional performance for all sectors since the start of the COVID-19 pandemic.

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



PSCU's [Weekly U.S. State/Territory Analysis](https://pscucard.com/covid19) is available on pscucard.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 pscucard.com/covid19.