

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 data trends. In this week's installment, PSCU compares the 37th week of the year (the week ending September 13, 2020 compared to the week ending September 15, 2019).



OVERALL SPEND

Overall card payment volume growth rates decelerated in Week 37.

Debit
↑ **16.4%**

Debit card spend was up 16.4%, in line with the four-week average of +16.9%. Transactions were up 2.8% and have been positive for eleven consecutive weeks.

Credit
↑ **0.9%**

Credit card spend was up 0.9%, which is lower than the four-week average of +2.3%. Transactions were down 4.1%, below the four-week average of -3.0%.

CONSUMERS CONTINUE STRONG USAGE OF CONTACTLESS, MOBILE WALLETS AND CARD-NOT-PRESENT (CNP) ALTERNATIVES, WHILE USING LESS CASH.



CONTACTLESS
↑ **13.9%** of Debit Card-Present Transactions

↑ **9.9%** of Credit Card-Present Transactions

Contactless "tap-and-go" transactions via dual interface cards continue to gain adoption. Debit contactless transactions as a percent of card-present activity on contactless debit cards have grown from around 8% in mid-January to 13.9% in Week 37. Contactless credit transactions have also grown from 6.5% in mid-January to last week finishing at 9.9% of card-present activity on contactless credit cards.



MOBILE WALLETS
↑ **73.4%** Debit

↑ **55.0%** Credit

Mobile wallet (i.e. "Pays") transactions and purchases for both credit and debit cards had positive results. Debit mobile wallet purchases finished Week 37 up 73.4% year over year, higher than the four-week average of +72.4%. Credit mobile wallet purchases were up 55.0% year over year, higher than the four-week average of +43.0%. These results represent six supported mobile wallets: Apple Pay, Fitbit Pay, Garmin Pay, Google Pay, LG Pay and Samsung Pay.



DEBIT CARD NOT PRESENT
↑ **40.9%** of Purchases

↑ **28.2%** of Transactions

CREDIT CARD NOT PRESENT
↑ **51.3%** of Purchases

↑ **40.9%** of Transactions

We continue to see more volume conducted via Card Not Present (CNP) transactions. For credit, 51.3% of purchase volume and 40.9% of transactions were CNP. For debit, 40.9% of purchase volume and 28.2% of transactions were CNP. Purchase mix has held steady and is up 5.0 percentage points year over year for credit and 5.6 percentage points for debit. Transaction mix is also steady, up 8.1 percentage points for credit and 6.9 for debit year over year.



ATM
↓ **20.8%** Withdrawals

Cash withdrawal transactions at the ATM remain down year over year. For the most recent week, the number of cash withdrawals was down 20.8%, in line with the average for the past four weeks of -20.8%.

FROM A MERCHANT CATEGORY PERSPECTIVE, PURCHASES IN WEEK 37 RECEDED FROM THE STRENGTH OF THE LABOR DAY HOLIDAY WEEK, BUT TRENDS REMAIN POSITIVE OVERALL.



GROCERY
↑ **11.8%** Debit

↑ **20.6%** Credit

Grocery was strong this week, with purchases up 11.8% for debit and up 20.6% for credit.



UTILITIES
↑ **14.5%** Debit

↑ **4.0%** Credit

Utilities also remain in positive territory, with purchases up 14.5% for debit and up 4.0% for credit.



CONSUMER GOODS
↑ **36.0%** Debit

↑ **23.4%** Credit

The purchase volume of consumer goods across retail stores decreased in week 37, with debit up 36.0% and credit up 23.4%. Growth was broad and included strength in **Electronics, Sporting Goods, Home and Automotive.**



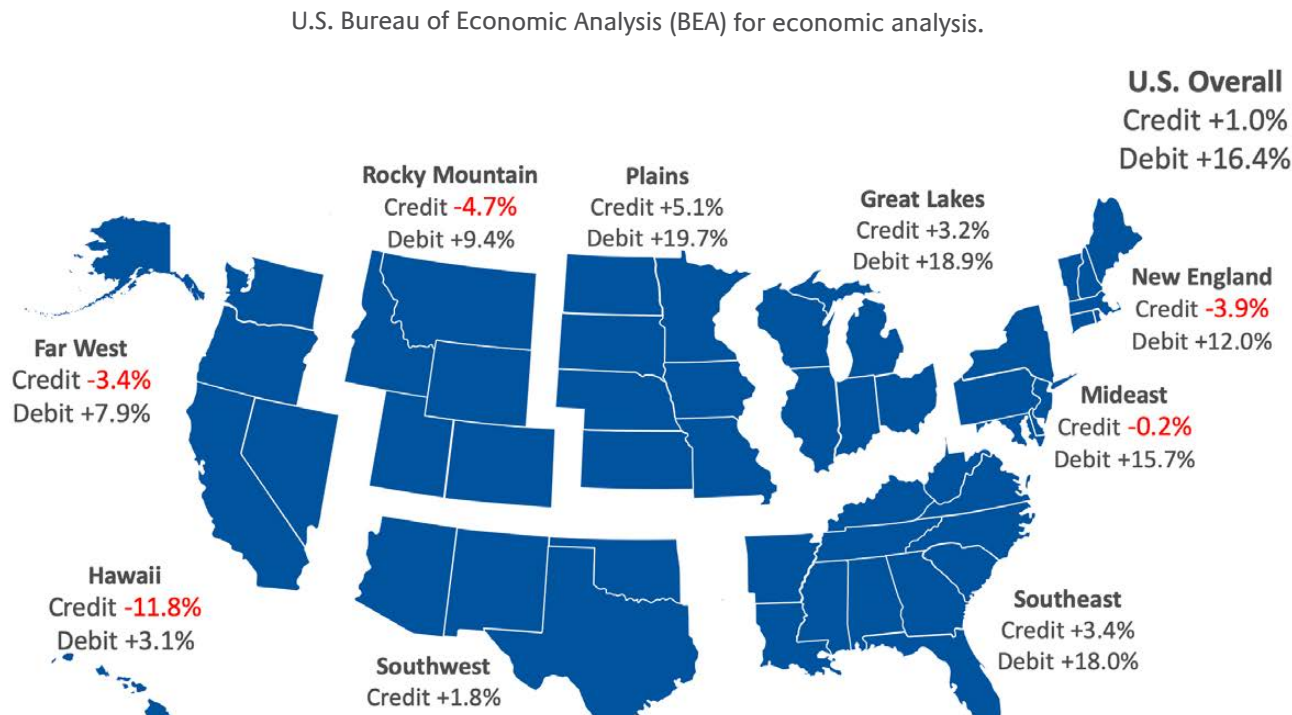
RESTAURANTS
↑ **9.1%** Debit

↓ **13.4%** Credit

Debit spend for **Restaurants** stayed positive in Week 37 at +9.1%, with both **Fast Food** (+10.2% for the week, down from the four-week average of +11.1%) and **Full Service Restaurants** (+8.4% for the week, up from the four-week average of +3.6%) posting strong results. Credit spend for Restaurants improved to -13.4%, which is above its four-week average of -14.5%.

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 Great Lakes (+18.9%), the Plains (+19.7%) and the Southeast (+18.0%) finished above the U.S. average for Week 37. The regions with the lowest debit purchase results are Hawaii (+3.1%) and the Far West (+7.9%).

CREDIT

Overall U.S. spend was up 1.0% for credit purchases. The Great Lakes (+3.2%), the Plains (+5.1%), Southeast (+3.4%) and Southwest (+1.8%) finished as the strongest regions for Week 37. Hawaii (-11.8%) and the Rocky Mountain region (-4.7%) had the lowest credit purchase performance.

THIS WEEK'S DEEPER DIVE EXPLORES THE SERVICE SECTOR, WHICH MAKES UP 21.7% OF OVERALL CREDIT PURCHASES AND 16.2% OF ALL DEBIT PURCHASES.

Within the Service Sector, two-thirds of the purchases (for both credit and debit) are represented in the top three segments: **Professional Service & Membership Organizations, Service Providers and Contracted Services.**

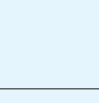


PROFESSIONAL SERVICE & MEMBERSHIP ORGANIZATIONS
Four-week Average

↑ **2.1%** Debit

↓ **8.6%** Credit

The Professional Service & Membership Organizations segment comprises healthcare and many other professional service categories, including legal, accounting, and engineering services, as well as political organizations. For Week 37, debit spend was up for this segment by 2.1%, lower than the four-week average of +12.9%. For credit purchases, the segment was down 8.6% last week, much lower than the four-week average of +3.0%.



SERVICE PROVIDERS
Four-week Average

↑ **13.5%** Debit

↑ **05.3%** Credit

Service Providers, which includes many insurance-related categories, has been strong with debit purchases up 13.5% in Week 37, but below the four-week average of +20.4%. Credit purchases were up 5.3% last week, also below the four-week average of +13.9%.



CONTRACTED SERVICES
Four-week Average

↑ **21.1%** Debit

↑ **06.3%** Credit

Contracted Services, which includes general contractors, electrical, air conditioning and roofing services, has seen overall strong performance, especially in debit purchases. For Week 37, debit purchases were up 21.1%, with a four-week average of +37.2%. Credit purchases were up 6.3% in Week 37, down from its four-week average of +23.0%.

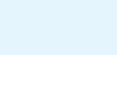


SERVICE
Four-week Average

↑ **34.3%** Debit

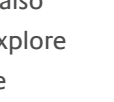
↑ **32.3%** Credit

The balance of the Service sector, representing the remaining one-third of credit and debit purchases in the sector, comprises five additional segments: **Business Services, Personal Service Providers, Repair Services, Government Services and Digital Goods.** Results in these additional segments are mixed and have largely trended in line with consumer behaviors over the course of the pandemic.



"We saw good volume overall in Week 37, albeit with an expected decline from last week's Labor Day holiday uptick," said Glynn Frechette, SVP, Advisors Plus at PSCU. "Consumers continue to show resilience, especially now that we are just over six weeks past the end of primary government support and unemployment and layoffs remain elevated, as the Labor Department reported last week. It is also interesting to note that as in-person spend has returned – including the Service sector, which we explore in this week's deeper dive – consumers are still transacting digitally via CNP, contactless and mobile wallets, reinforcing that consumer behavior shifts that have been accelerated will continue in the post-pandemic world."

— 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.