

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 third week of the year (the week ending Jan. 17, 2021 compared to the week ending Jan. 19, 2020).



OVERALL SPEND

Spending remained strong for credit and debit in the third week of January 2021, with growth in debit purchases in the Goods, Services and Grocery sectors, aided by the second round of COVID-19 relief funding.

Debit
↑ **25.0%**

Debit card spend is up 25.0% in Week 3 and debit transactions finished up 7.9%. Debit purchases are in line with the four-week average of +25.1% and transactions are lower than the four-week average of +8.3%.

Credit
↑ **4.0%**

Credit card spend in Week 3 finished up 4.0%, right at the four-week average of 4.0%. Transactions finished down 2.3%, lower than the four-week average of -1.3%

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



CONTACTLESS
18.2% 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 18.2% in Week 3 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
↑ **69.5%** Debit

↑ **50.4%** 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 3 up 69.5% year over year, lower than the four-week average of +72.9%. Credit mobile wallet purchases are up 50.4% year over year, higher than the four-week average of +47.1%. These results represent six supported mobile wallets: Apple Pay, Fitbit Pay, Garmin Pay, Google Pay, LG Pay and Samsung Pay.



DEBIT CARD NOT PRESENT
45.2% of Purchases
31.9% of Transactions

CREDIT CARD NOT PRESENT
56.3% of Purchases
46.0% of Transactions

We continue to see more volume conducted via Card Not Present (CNP) transactions. For credit, 56.3% of purchase volume and 46.0% of transactions are CNP. For debit, 45.2% of purchase volume and 31.9% of transactions are CNP. Purchase mix has held steady and is up 6.1 percentage points year over year for credit and 6.7 percentage points for debit. Transaction mix also remains steady, up 9.8 percentage points for credit and 7.9 percentage points for debit year over year.



ATM
↓ **13.0%** Withdrawals

Cash withdrawal transactions at the ATM are back down year over year. For the most recent week, the number of cash withdrawals was down 13.0%, in line with the four-week average of -13.4%.

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



GOODS
↑ **51.8%** Debit
↑ **27.5%** Credit



UTILITIES
↑ **23.5%** Debit
↑ **10.2%** Credit



SERVICE
↑ **23.0%** Debit
↑ **8.1%** Credit



GROCERY
↑ **16.4%** Debit
↑ **18.4%** Credit



RESTAURANTS
↑ **10.0%** Debit
↓ **17.3%** Credit



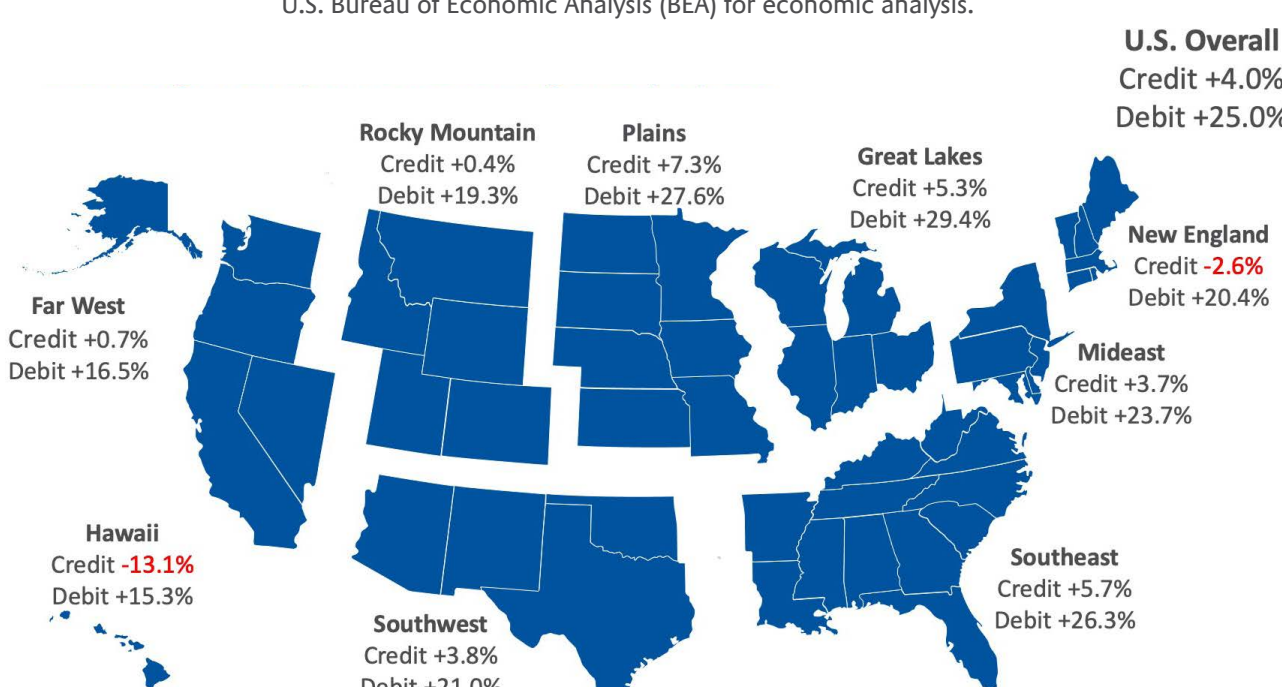
TRAVEL
↓ **19.7%** Debit
↓ **57.2%** Credit



GASOLINE
↓ **0.4%** Debit
↓ **14.0%** 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 25.0% for debit purchases. The Great Lakes (+29.4%) and Plains (+27.6) regions finished as the strongest regions for Week 3. Hawaii (+15.3%) and the Far West (+16.5%) region had the lowest debit purchase performance.

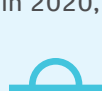
CREDIT

Overall U.S. spend was up 4.0% for credit purchases. The Plains (+7.3%) and Southeast (+5.7%) finished as the strongest regions for Week 3. Hawaii (-13.1%) and the New England region (-2.6%) had the lowest credit purchase performance.

THIS WEEK'S DEEPER DIVE REVISITS CARD NOT PRESENT (CNP) ACTIVITY.

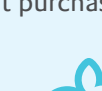
Impacted by the COVID-19 pandemic, the Goods, Groceries, Restaurants and Services sectors have seen notable upward shifts in CNP purchase activity as was previously reported in Week 44 of 2020. Following the initial surge was a gradual reduction, resulting in "new normal" levels that continue to be much higher than pre-pandemic levels. Each of these four sectors experienced an uptick in CNP purchases at the start of 2021 that coincides with the deposits from the second round of COVID-19 relief funding in the market.

High CNP, High Purchase Volume: For Week 3 in 2021, the combined Goods, Groceries, Restaurants and Services sectors represent 81% of all credit purchases and 70% of all debit purchases. For Week 3 in 2020, these same sectors represented 73% of credit purchases and 69% of debit purchases.



CNP GOODS PURCHASES

	Credit	Debit
2021	56%	41%
2020	47%	33%



CNP GROCERY PURCHASES

	Credit	Debit
2021	13%	8%
2020	4%	4%



CNP RESTAURANT PURCHASES

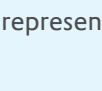
	Credit	Debit
2021	29%	26%
2020	11%	12%



CNP SERVICES PURCHASES

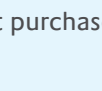
	Credit	Debit
2021	74%	71%
2020	66%	64%

High CNP, Low Purchase Volume: The Entertainment, Travel and Utilities sectors continue to experience high CNP activity. While the Entertainment and Travel sectors remain adversely affected in comparing year-over-year results, their rates of CNP activity have remained consistent throughout the pandemic. In 2021 Week 3, the combined Entertainment, Travel and Utilities sectors represent 11% of all credit purchases and 13% of all debit purchases. For 2020 Week 3, these sectors represented 18% of credit purchases and 15% of debit purchases.



CNP TRAVEL PURCHASES

	Credit	Debit
2021	81%	79%
2020	82%	79%



CNP UTILITIES PURCHASES

	Credit	Debit
2021	94%	84%
2020	93%	87%



CNP ENTERTAINMENT PURCHASES

	Credit	Debit
2021	80%	68%
2020	78%	62%



Performance for both debit and credit purchase volume remained strong in Week 3, with consumer spending of federal stimulus funds continuing to drive exceptional growth in debit. In this week's deeper dive, Card Not Present activity demonstrates how consumer behavior for purchases and other digital channels has shifted throughout the pandemic to shopping apps, mobile wallets and other digital channels.

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



PSCU's **Weekly U.S. State/Territory Analysis** 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.