

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 43rd week of the year (the week ending October 25, 2020 compared to the week ending October 27, 2019).



OVERALL SPEND

Card payment volume growth rates continued to show overall strength in Week 43, with debit rising slightly and credit showing continued positive growth.

Debit

↑ 15.8%

Debit card spend was up 15.8%, in line with the four-week average of +15.8%. Transactions were up 2.6% and have been positive for 17 consecutive weeks.

Credit

↑ 5.5%

Credit card spend achieved its eighth consecutive week of growth at +5.5%, higher than the four-week average of +4.8%. Transactions finished in line with the four-week average of -0.7%.

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



CONTACTLESS

17.5% of Debit Card-Present Transactions

10.9% of Credit Card-Present Transactions

Contactless "tap-and-go" transactions via dual interface cards continue to gain adoption, 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 mid-January to 17.5% in Week 43. Contactless credit transactions have also grown from 6.5% in mid-January to last week finishing at 10.9% of card-present activity on contactless credit cards. We 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

↑ 62.6% Debit

↑ 55.1% Credit

Mobile wallet (i.e. "Pays") transactions and purchases for both credit and debit cards continue to show positive results. Debit mobile wallet purchases finished Week 43 up 62.6% year over year, lower than the four-week average of +64.8%. Credit mobile wallet purchases were up 55.1% year over year, higher than the four-week average of +52.4%. These results represent six supported mobile wallets: Apple Pay, Fitbit Pay, Garmin Pay, Google Pay, LG Pay and Samsung Pay.



DEBIT CARD NOT PRESENT

41.2% of Purchases

28.5% of Transactions

CREDIT CARD NOT PRESENT

51.7% of Purchases

41.6% of Transactions

We continue to see more volume conducted via Card Not Present (CNP) transactions. For credit, 51.7% of purchase volume and 41.6% of transactions were CNP. For debit, 41.2% of purchase volume and 28.5% of transactions were CNP. Purchase mix has held steady and is up 6.5 percentage points year over year for credit and 6.6 percentage points for debit. Transaction mix also remains steady, up 8.7 percentage points for credit and 6.9 percentage points for debit year over year.



ATM

↓ 19.1% Withdrawals

Cash withdrawal transactions at the ATM remain down year over year. For the most recent week, the number of cash withdrawals was down 19.1%, in line with the four-week average of -19.2%. The year-over-year change in total cash withdrawn is down 9.6%, which is in line with the four-week average of -9.5%.

FROM A MERCHANT CATEGORY PERSPECTIVE, PURCHASE GROWTH RATES IN WEEK 43 REMAINED STEADY FOR BOTH CREDIT AND DEBIT.



CONSUMER GOODS

↑ 31.9% Debit

↑ 24.3% Credit

Goods leveled out after last week's uptick from Amazon Prime Day. Purchases are up 31.9% for debit and 24.3% for credit.



SERVICES

↑ 16.1% Debit

↑ 10.6% Credit

Spend in the Service sector slightly increased in both debit and credit. Purchases are up 16.1% for debit, an increase of 2.4 percentage points week over week. Credit purchases were up 10.6%, up 1.1 percentage points from the previous week.



TRAVEL

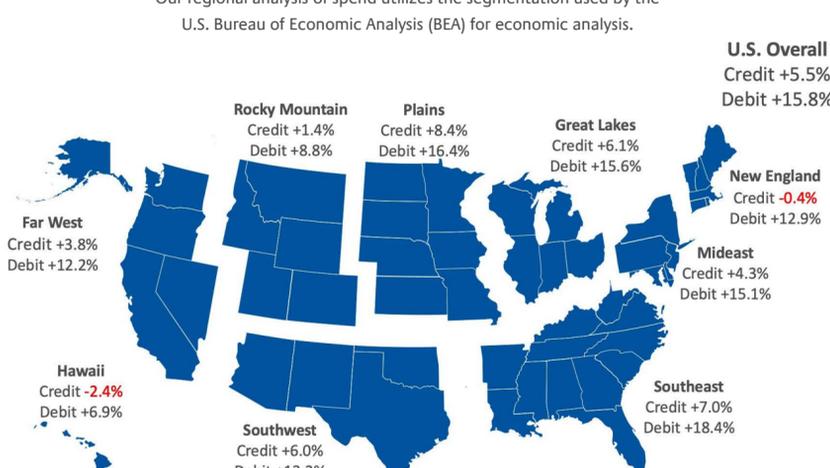
↓ 18.7% Debit

↓ 48.1% Credit

Travel remains substantially down year over year. For Week 43, purchases are below 2019 levels by 48.1% for credit and down 18.7% for debit.

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 15.8% for debit purchases. The Plains (+16.4%) and Southeast (+18.4%) finished as the strongest regions for Week 43. The Hawaii (+6.9%), Rocky Mountain (+8.8%) and Far West (+12.2%) regions had the lowest debit purchase performance.

CREDIT

Overall U.S. spend was up 5.5% for credit purchases. The Great Lakes (+6.1%), Plains (+8.4%) and Southeast (+7.0%) finished as the strongest regions for Week 43. The Hawaii (-2.4%), New England (-0.4%), and Rocky Mountain (+1.4%) regions had the lowest credit purchase performance.

THIS WEEK'S DEEPER DIVE EXPLORES CONTACTLESS "TAP-AND-GO" ACTIVITY

In our weekly reports throughout the pandemic, we have shared the significant increase in card-present "tap-and-go" transactions. This continued growth has been driven by a combination of increased member use/adoption and the growing number of merchants offering this option.



AVERAGE PURCHASE AMOUNTS

Four-week Average

\$20.43 Debit

\$40.88 Credit

One of the expectations of contactless is the displacement of smaller-dollar "everyday spend" purchases that most often take place with cash. Accordingly, the average purchase amount for tap-and-go, lower than the overall average purchase amount for debit of \$40.43 by 49%. The average purchase amount for contactless credit is \$41.33, lower than the overall average purchase amount for credit of \$64.82 by 36%.

We have observed that contactless debit is performing better than contactless credit. Below are the notable sectors and their Week 43 results. These percentages represent card-present contactless tap-and-go transactions as a subset of contactless card transactions.



RESTAURANTS

Four-week Average

18.5% Debit

13.4% Credit

- Restaurants – 19.3% of debit transactions are tap-and-go, above the four-week average of 18.5%, while 13.8% of credit transactions are tap-and-go, in line with the four-week average of 13.4%.



CONSUMER GOODS

Four-week Average

15.4% Debit

9.4% Credit

- Goods – 16.1% of debit transactions are tap-and-go, up from the four-week average of 15.4%, while 9.7% of credit transactions are tap-and-go, in line with the four-week average of 9.4%.



GROCERY STORES

Four-week Average

17.0% Debit

10.8% Credit

- Grocery Stores – 18.0% of debit transactions are tap-and-go, up from the four-week average of 17.0%, while 11.1% of credit transactions are tap-and-go, up slightly from the four-week average of 10.8%.



DRUG STORES

Four-week Average

38.3% Debit

14.6% Credit

- Drug Stores – 38.4% of debit transactions are tap-and-go, in line with the four-week average of 38.3%, while 14.7% of credit transactions are tap-and-go, in line with the four-week average of 14.6%. Within this sector, we can see the influence of the top merchants and their acceptance of contactless cards at the point of sale:

- CVS posted 52.6% of debit transactions and 20.0% of credit transactions as tap-and-go.
- Walgreens posted 43.1% of debit transactions and 12.8% of credit transactions as tap-and-go.



Card purchase volume continued to show strength in Week 43, even as credit spend in the Travel sector remains substantially down year over year. For the year, debit is up over 11% – well over its historical rate – while credit excluding travel is up almost 2%. As we see in this week's deeper dive, contactless adoption continues to accelerate, especially for debit as consumers increasingly leverage contactless in lieu of cash for smaller everyday transactions.

— *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.