

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 44th week of the year (the week ending November 1, 2020 compared to the week ending November 3, 2019).



OVERALL SPEND

Card payment volume growth rates continued to show overall strength in Week 44, with debit rising slightly and credit showing continued positive year-over-year growth.

Debit
↑ **16.8%**

Debit card spend was up 16.8%, slightly above the four-week average of +16.3%. Transactions were up 5.8% and have been positive for 18 consecutive weeks.

Credit
↑ **4.7%**

Credit card spend remained positive for a ninth consecutive week at +4.7%, which is slightly lower than the four-week average of +5.1%. Transactions finished at -0.2%, just above the four-week average of -0.4%.

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



CONTACTLESS
↑ **17.6%** of Debit Card-Present Transactions

↑ **11.1%** 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 17.6% in Week 44. Contactless credit transactions have also grown from 6.5% in mid-January to last week finishing at 11.1% 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
↑ **66.9%** Debit

↑ **50.0%** 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 44 up 66.9% year over year, higher than the four-week average of +64.8%. Credit mobile wallet purchases were up 50.0% year over year, slightly lower 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
↑ **42.0%** of Purchases

↑ **28.5%** of Transactions

CREDIT CARD NOT PRESENT
↑ **52.9%** of Purchases

↑ **42.5%** of Transactions

We continue to see more volume conducted via Card Not Present (CNP) transactions. For credit, 52.9% of purchase volume and 42.5% of transactions were CNP. For debit, 42.0% of purchase volume and 28.5% of transactions were CNP. Purchase mix has held steady and is up 5.4 percentage points year over year for credit and 5.2 percentage points for debit. Transaction mix also remains steady, up 8.4 percentage points for credit and 6.2 percentage points for debit year over year.



ATM
↓ **14.5%** Withdrawals

Cash withdrawal transactions at the ATM remain down year over year. For the most recent week, the number of cash withdrawals was down 14.5%, higher than the four-week average of -18.0%. The year-over-year change in total cash withdrawn is down 5.7%, which is higher than the four-week average of -8.6%.

FROM A MERCHANT CATEGORY PERSPECTIVE, PURCHASE GROWTH RATES IN WEEK 44 REMAINED STEADY FOR BOTH CREDIT AND DEBIT.



GROCERY
↑ **14.4%** Debit

↑ **20.9%** Credit

Grocery spend increased for both debit and credit. Purchases are up 14.4% for debit and 20.9% for credit.



SERVICES
↑ **10.2%** Debit

↑ **6.6%** Credit

Spend in the Service sector decreased in both debit and credit. Purchases are up 10.2% for debit, a decrease of 5.8 percentage points week over week. Credit purchases were up 6.6%, down 4.1 percentage points from the previous week.



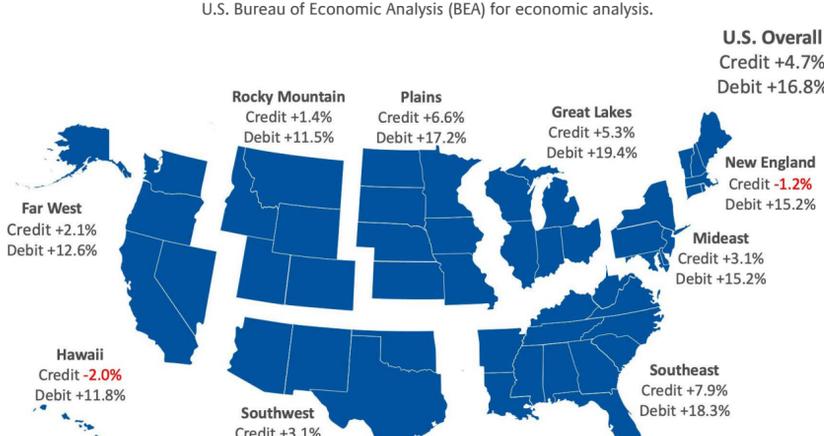
TRAVEL
↓ **24.6%** Debit

↓ **50.4%** Credit

Travel remains substantially down year over year. For Week 44, purchases are below 2019 levels by 50.4% for credit and down 24.6% 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.



U.S. Overall
Credit +4.7%
Debit +16.8%

DEBIT

Overall U.S. spend was up 16.8% for debit purchases. The Great Lakes (+19.4%), Plains (+17.2%) and Southeast (+18.3%) finished as the strongest regions for Week 44. The Hawaii (+11.8%), Rocky Mountain (+11.5%) and Far West (+12.6%) regions had the lowest debit purchase performance.

CREDIT

Overall U.S. spend was up 4.7% for credit purchases. The Great Lakes (+5.3%), Plains (+6.6%) and Southeast (+7.9%) finished as the strongest regions for Week 44. The Hawaii (-2.0%) and the New England (-1.2%) regions had the lowest credit purchase performance.

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

The sectors in which CNP activity has been most impacted by the COVID-19 pandemic are Goods, Groceries, Restaurants and Services. Each of these four sectors experienced a swell in CNP activity in the initial weeks of the pandemic, followed by a gradual reduction, ultimately leading to "new normal" levels that are higher than pre-pandemic levels.



GOODS
Four-week Average

↑ **36.2%** CNP Debit

↑ **52.5%** CNP Credit

In Week 44, the combined Goods, Groceries, Restaurants and Services sectors represent 81% of all credit purchases and 71% of all debit CNP purchases.

- Goods – At the beginning of the year (Week 1) CNP purchases were 26% for credit and 32% for debit. For Week 44, CNP purchases are 52.6% for credit and 36% for debit, in line with the four-week averages of 52.5% and 36.2%, respectively.



GROCERIES
Four-week Average

↑ **6.0%** CNP Debit

↑ **9.8%** CNP Credit

- Groceries – Week 1 CNP purchases were 4.2% for credit and 3.6% for debit. Credit CNP purchases have more than doubled in this sector, finishing at 9.8% for Week 44, exactly in line with the four-week average. Debit CNP purchases have also grown exponentially, finishing Week 44 at 6.2%, up slightly from the four-week average of 6.0%.



RESTAURANTS
Four-week Average

↑ **21.2%** CNP Debit

↑ **23.2%** CNP Credit

- Restaurants – CNP purchases started the year at 11.3% for credit and 11.7% for debit in Week 1. Credit CNP purchases have also more than doubled in this sector, finishing at 24.8% for Week 44, up from the four-week average of 23.2%. Debit CNP purchases have nearly doubled, finishing Week 44 at 21.3%, in line with the four-week average of 21.2%.



SERVICES
Four-week Average

↑ **68.1%** CNP Debit

↑ **71.3%** CNP Credit

- Services – This sector, which started with the highest pre-pandemic CNP purchase levels, is fueled by online retailers, including a portion of Amazon volume. In Week 1, CNP purchases were 65% for credit and 63% for debit. CNP purchases have grown moderately in this sector, finishing Week 44 at 73% for credit and 67% for debit, both near the four-week averages of 71.3% and 68.1%, respectively.

Historically, the Entertainment, Travel and Utilities sectors have also had high CNP activity. While the Entertainment and Travel sectors remain adversely affected and have kept their rates of CNP activity consistent throughout the pandemic, the Utilities sector (as previously explored) has been largely unaffected by COVID-19 and has maintained a very high rate of CNP performance. In Week 44, the combined Entertainment, Travel and Utilities sectors represent just 10% of all credit purchases and 12% of all debit purchases.



Year-over-year consumer spending continued to grow in Week 44, strengthened by continued growth in contactless and mobile wallet transactions. This week's deeper dive into Card Not Present activity provides a detailed look into the changing behaviors of consumers as a result of the pandemic, along with the 'new normal' levels that have been established. As the pandemic and political environments continue to evolve, we will closely monitor the impacts of these changing behaviors as the holiday season begins.

— 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.