

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 fourth week of the year (the week ending Jan. 24, 2021 compared to the week ending Jan. 26, 2020).



OVERALL SPEND

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

Debit
↑ **23.4%**

Debit card spend is up 23.4% in Week 4 and debit transactions finished up 7.2%. Debit purchases are lower than the previous four-week average of +25.1% and transactions are also lower than the previous four-week average of +8.3%.

Credit
↑ **3.8%**

Credit card spend in Week 4 finished up 3.8%, just below the previous four-week average of 4.0%. Transactions finished down 3.1%, lower than the previous 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
18.0% of Debit Card Present Transactions

13.4% 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 18.0% in Week 4 of 2021. Contactless credit transactions have also more than doubled, growing from 6.5% to 13.4% 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
↑ **67.6%** Debit

↑ **47.5%** 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 4 up 67.6% year over year, lower than the previous four-week average of +72.9%. Credit mobile wallet purchases are up 47.5% year over year, in line with the previous 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
43.7% of Purchases

30.9% of Transactions

CREDIT CARD NOT PRESENT
55.2% of Purchases

45.0% of Transactions

We continue to see more volume conducted via Card Not Present (CNP) transactions. For credit, 55.2% of purchase volume and 45.0% of transactions are CNP. For debit, 43.7% of purchase volume and 30.9% of transactions are CNP. Purchase mix has held steady and is up 7.1 percentage points year over year for credit and 7.0 percentage points for debit. Transaction mix also remains steady, up 10.0 percentage points for credit and 7.6 percentage points for debit year over year.



ATM
↓ **15.6%** Withdrawals

Cash withdrawal transactions at the ATM are down year over year. For the most recent week, the number of cash withdrawals was down 15.6%, below the previous 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
↑ **44.4%** Debit

↑ **24.4%** Credit



UTILITIES
↑ **25.0%** Debit

↑ **16.9%** Credit



SERVICE
↑ **26.1%** Debit

↑ **9.7%** Credit



GROCERY
↑ **13.2%** Debit

↑ **15.4%** Credit



RESTAURANTS
↑ **9.2%** Debit

↓ **18.2%** Credit



TRAVEL
↓ **19.2%** Debit

↓ **55.6%** Credit

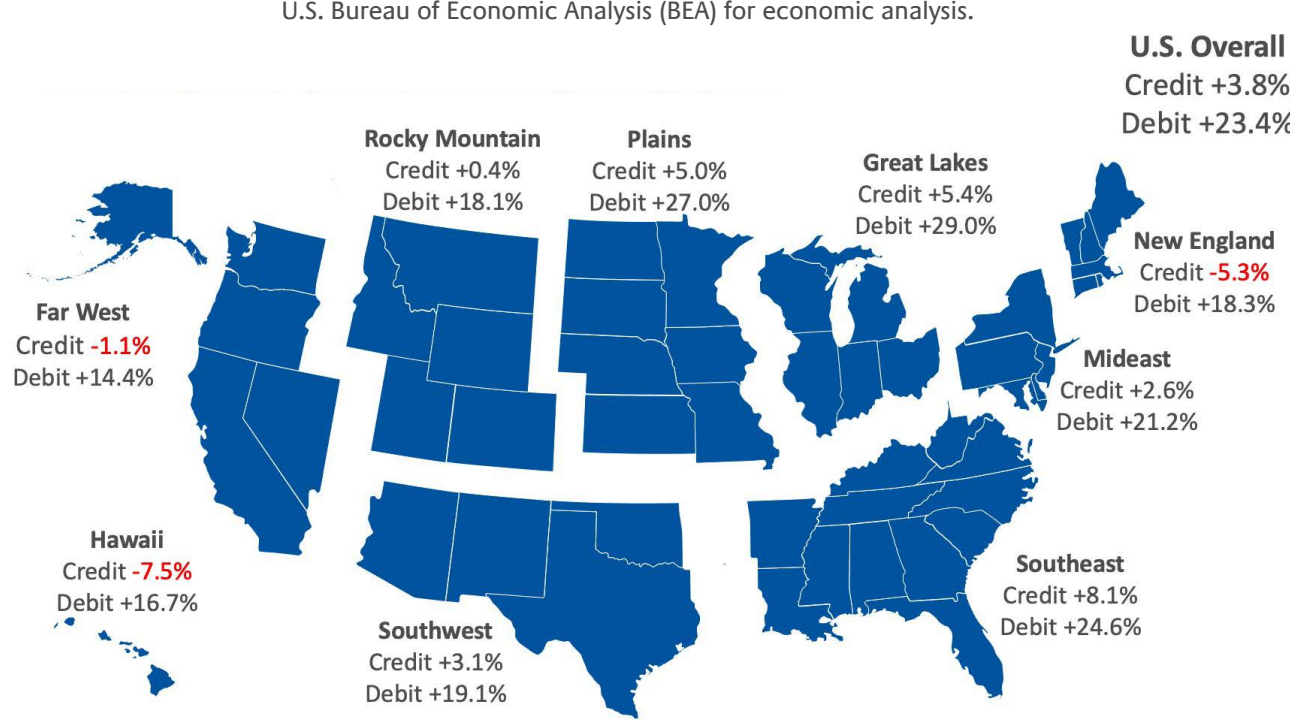


GASOLINE
↑ **2.4%** Debit

↓ **12.8%** 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 23.4% for debit purchases. The Great Lakes (+29.0%) and Plains (+27.0%) regions finished as the strongest regions for Week 4. Hawaii (+16.7%) and the Far West (+14.4%) region had the lowest debit purchase performance.

CREDIT

Overall U.S. spend was up 3.8% for credit purchases. The Great Lakes (+5.4%) and Southeast (+8.1%) finished as the strongest regions for Week 4. Hawaii (-7.5%) and the New England region (-5.3%) had the lowest credit purchase performance.

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

Throughout the course of the pandemic, we have seen the strong adoption of Card Present "tap-and-go" transactions and continue to see growth driven by a combination of increased member use and merchant adoption.

We have observed that contactless debit is performing better than contactless credit. Below are the notable sectors and their Week 4 results. These percentages represent Card Present contactless tap-and-go purchase transactions as a subset of all contactless card purchase transactions.

Restaurants: 21% of debit transactions and 16.7% of credit transactions are tap-and-go. For 2020 Week 4, the results were 10% of debit transactions and 14% of credit transactions. Within the Restaurant sector, Fast Food Restaurants have a higher level of contactless activity than Dine-In Restaurants and Bars/Taverns. For Week 4, their contactless transactions break out as:

Year	FAST FOOD RESTAURANTS		DINE-IN RESTAURANTS	
	Credit	Debit	Credit	Debit
2021	21%	26%	11%	9%
2020	9%	16%	5%	5%

Year	BARS/TAVERNS	
	Credit	Debit
2021	9%	8%
2020	6%	4%

Year	GOODS		GROCERY STORES	
	Credit	Debit	Credit	Debit
2021	12%	17%	14%	18%
2020	6%	8%	6%	7%

Year	DRUG STORES	
	Credit	Debit
2021	18%	37%
2020	8%	22%

One of the expectations of contactless is the shift of small-dollar "everyday spend" purchases that most often take place with cash. Accordingly, the average purchase amount for tap-and-go is lower than non-contactless transactions. For Week 4, the average purchase amount for tap-and-go is \$21.84, lower than the overall average purchase amount for debit of \$42.11 by 48%. The average purchase amount for contactless credit is \$43.26, lower than the overall average purchase amount for credit of \$67.36 by 36%.



Spending remained strong in Week 4, with debit growth across the Goods, Service and Grocery merchant categories remaining elevated from the recent federal stimulus payments. In this week's deeper dive, we look back at Contactless activity and the strong adoption of Card Present 'tap-and-go' transactions throughout the pandemic. Increased adoption of contactless has driven continued growth, with contactless debit outperforming credit. The average purchase amount for contactless debit transactions is the ongoing shift away from cash traditionally used for smaller-spend purchases.

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



PSCU's **Weekly U.S. State/Territory Analysis** is available on pscuc.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 pscuc.com/covid19.