

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 seventh week of the year (the week ending Feb. 21, 2021 compared to the week ending Feb. 23, 2020).



OVERALL SPEND

Growth rates for both debit and credit continued to slow in Week 8.

Debit
↑ **8.6%**

Debit card spend is up 8.6% in Week 8 and debit transactions finished down 5.4%. Debit purchases are lower than the previous four-week average of +18.6% and transactions are also lower than the previous four-week average of +3.1%.

Credit
↑ **0.6%**

Credit card spend in Week 8 finished up 0.6%, below the previous four-week average of +3.8%. Transactions finished down 5.8%, lower than the previous four-week average of -3.2%.

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

↑ **13.8%** 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 8 of 2021. Contactless credit transactions have also more than doubled, growing from 6.5% to 13.8% 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
↑ **52.9%** Debit

↑ **39.5%** 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 8 up 52.9% year over year, lower than the previous four-week average of +59.1%. Credit mobile wallet purchases are up 39.5% year over year, lower than the previous four-week average of +42.0%. These results represent six supported mobile wallets: Apple Pay, Fitbit Pay, Garmin Pay, Google Pay, LG Pay and Samsung Pay.



DEBIT CARD NOT PRESENT
↑ **43.9%** of Purchases

↑ **31.4%** of Transactions

CREDIT CARD NOT PRESENT
↑ **54.8%** of Purchases

↑ **44.4%** of Transactions

We continue to see more volume conducted via Card Not Present (CNP) transactions. For credit, 54.8% of purchase volume and 44.4% of transactions are CNP. For debit, 43.9% of purchase volume and 31.4% of transactions are CNP. Purchase mix has held steady and is up 6.7 percentage points year over year for credit and 6.6 percentage points for debit. Transaction mix also remains steady, up 9.7 percentage points for credit and 8.0 percentage points for debit year over year.



ATM
↓ **26.6%** Withdrawals

Cash withdrawal transactions at the ATM are down year over year. For the most recent week, the number of cash withdrawals was down 26.6%, below the previous four-week average of -20.4%.

A REVIEW OF MERCHANT CATEGORIES

From a merchant category perspective, we continue to see strong results in Goods, Utilities, Service and Grocery Stores, while year-over-year performance for Restaurants remains down. Drug Store performance has seen a steady decline in the past few weeks. (All percentages are year-over-year weekly comparisons.)



GOODS
↑ **17.4%** Debit

↑ **15.7%** Credit



UTILITIES
↑ **15.5%** Debit

↑ **13.6%** Credit



SERVICE
↑ **7.1%** Debit

↑ **4.6%** Credit



GROCERY
↑ **3.0%** Debit

↑ **13.6%** Credit



DRUG STORES
↓ **5.1%** Debit

↓ **3.4%** Credit

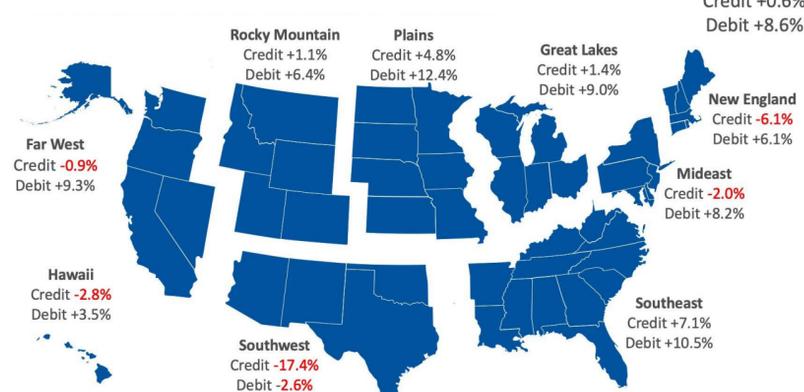


RESTAURANTS
↓ **3.3%** Debit

↓ **15.4%** 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 8.6% for debit purchases. The Plains (+12.4%) and Southeast (+10.5%) finished as the strongest regions for Week 8. Hawaii (+3.5%) and the Southwest (-2.6%) region had the lowest debit purchase performance.

CREDIT
Overall U.S. spend was up 0.6% for credit purchases. The Southeast (+7.1%) and Plains (+4.8%) finished as the strongest regions for Week 8. The Southwest (-17.4%) and New England (-6.1%) regions had the lowest credit purchase performance.



THIS WEEK'S DEEPER DIVE LOOKS AT THE IMPACT OF THE TEXAS WINTER STORMS

This week's deeper dive explores the impact of the Texas winter storms, where record-low temperatures, snow and ice led to substantial power outages across the state and, along with the loss of tap water, affected most of the state's 29.8 million residents. The storms also shut down most of the COVID-19 vaccination facilities in the state.

There is a notable reduction in purchases beginning Sunday, February 14, continuing into the next few days. For Week 8 in the state of Texas, debit purchases are down 17% and debit transactions are down 31%. Both credit purchases and credit transactions are down, 27% year over year for the same timeframe.

For more context, we have broken out the major metropolitan areas of Texas. The most impacted day for purchases for each region during these events is Monday, February 15, which was the day of the lowest below-freezing temperatures. Below, we highlight the year-over-year impact of purchases for both Week 8 and that individual day.

- | City | Week 8 Debit | Week 8 Credit | Monday, Feb 15 Debit | Monday, Feb 15 Credit |
|-----------------------|--------------|---------------|----------------------|-----------------------|
| 1 DALLAS & FORT WORTH | ↓ 16% | ↓ 23% | ↓ 35% | ↓ 44% |
| 2 SAN ANTONIO | ↓ 19% | ↓ 37% | ↓ 47% | ↓ 64% |
| 3 HOUSTON | ↓ 19% | ↓ 19% | ↓ 30% | ↓ 52% |
| 4 AUSTIN | ↓ 32% | ↓ 36% | ↓ 46% | ↓ 58% |
| 5 EL PASO | ↑ 9% | ↑ 4% | ↓ 10% | ↓ 18% |

For Week 8, the largest drop in debit purchases was in Austin, down 32%. For credit purchases, San Antonio and Austin were similarly impacted, down 37% and 36%, respectively.

For Monday, February 15, San Antonio and Austin are again close, with debit purchases down 47% and 46%, respectively. For credit purchases, San Antonio and Austin are the most impacted, finishing down 64% and 58%, respectively.

The city of El Paso, in west Texas, is one of the few locations in the state that posted positive growth figures during the winter storm week. El Paso did not experience power outages, as they are not a part of the Electric Reliability Council of Texas (ERCOT) power grid. For Week 8, debit purchases in El Paso are up 9% year over year, while credit purchases are up 4%.



GOODS
↓ **14%** Debit

↓ **24%** Credit

For Week 8 in Texas, most sectors posted drops in purchases, with a few exceptions:



SERVICE
↓ **31%** Debit

↓ **38%** Credit

The Goods, Service and Grocery sectors account for 55% of debit purchases and each had double-digit reductions, finishing down 14%, 31% and 12%, respectively. These same three sectors accounted for two-thirds of all credit purchases in Texas in Week 8. Credit purchases are down 24% for Goods, 38% for Service and 5% for Groceries.



GROCERY
↓ **12%** Debit

↓ **5%** Credit

P2P Payments posted weekly increases. For Week 8, debit purchases were up 28% and credit purchases are up 9%.



P2P PAYMENTS
↑ **28%** Debit

↑ **9%** Credit

In the Utilities sector, debit purchases are up 1% and credit purchases are up 7%.



UTILITIES
↑ **1%** Debit

↑ **7%** Credit

While overall growth rates for both debit and credit spend appeared to continue to soften in Week 8, these trends may actually be normalizing given the high levels of February 2020. In this week's deeper dive, we take a look at the impact of the Texas winter storms. With historically low temperatures causing virtually the entire state to shut down, we saw significant declines in debit and credit purchases, along with double-digit declines in most merchant category sectors across Texas. As the effects of the second round of stimulus funds wear off throughout the country, we will continue to monitor the impacts on spending behavior as a third federal stimulus package works its way through approvals.

— *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.