



2025

DEBIT ISSUER STUDY

20 Years of Growth,
Transformation, and Opportunity

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01

Debit Through the Decades

“Debit’s dramatic growth over the past 20 years positions the industry well as issuers face a shifting set of challenges.”

- Steve Sievert
Executive Vice President of Marketing
and Brand Management, PULSE

20 Years of the Debit Issuer Study

Since 2005, PULSE has commissioned the Debit Issuer Study to provide an extensive analysis of debit issuer performance, market dynamics, and evolving consumer behavior.

The changes in the debit industry over the past 20 years have been remarkable. The industry has demonstrated tremendous growth, driven by innovation and sustained resilience amid evolving regulations and a shifting risk landscape.

The Evolution of Debit, 2005-2024



Debit purchases per active card doubled, rising from 15.6 per month to 31.2.



The number of U.S. financial institutions declined by approximately 50%.



The widespread use of debit card payments led to a substantial decline in ATM use.



Cardholders shifted spending away from in-store transactions toward e-commerce and person-to-person payments.



Issuers adapted to legislation and regulations that altered the debit landscape, including the Durbin Amendment and Regulation II.



Issuers and merchants adopted chip cards to enhance payment security.



Debit technology advanced with the expansion of contactless cards, offering a faster, more-seamless user experience.



Mobile wallets began to roll out in 2014 and now represent 12% of all debit transactions.

2025 Study at a Glance

This year's study reflects the continuous evolution of debit, with data revealing a landscape marked by steady progress and adaptation. Issuers saw modest year-over-year (YoY) debit growth, with rising card-not-present (CNP) and mobile payments driving new investment in digital capabilities. Meanwhile, continuously refining fraud-management strategies remained critical as the threat landscape shifted from third-party fraud to friendly fraud and scams.

Issuers experienced modest debit growth in 2024

2.5%
YoY growth in transactions

35.2
transactions performed by active cardholders each month

\$18,000
in annual spend per active cardholder

Digital debit use continued to soar



CNP captured 47% of debit spend and is poised to overtake physical spend



A2A remains the fastest-growing transaction type, climbing 10.7% YoY

Fraud schemes evolved as new attack vectors emerged



23% of fraud claims are now friendly fraud



Scams are rising and cardholders are looking to their financial institutions for support

Issuers are focusing on three key priorities

1

Investing in digital capabilities

2

Driving higher debit penetration, activation, and usage

3

Mitigating evolving fraud threats

02

Performance & Economics

Debit Issuer Key Performance Indicators (KPIs)

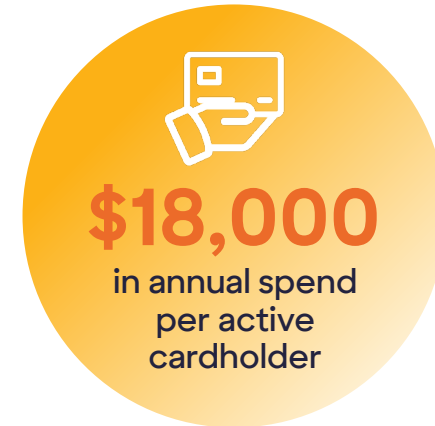
The average active debit cardholder performed 35.2 total transactions per month in 2024, reaffirming that debit cards are a powerful driver of everyday engagement between consumers and their financial institutions (FIs).

Debit Transactions by Type
(transactions per month per active card)

POS	A2A	ATM	Total Transactions
31.2	2.1	1.9	35.2

Among traditional debit issuers, total transactions increased by 2.5% YoY. Deeper cardholder engagement – measured by higher usage – accounted for most of this growth, followed by greater debit card penetration. With debit already capturing a high share of consumers' total wallet, increases now tend to be incremental.

On average, FIs have issued debit cards to 81.3% of their demand deposit account (DDA) holders, and 66% of those cards are used to make a purchase in any given month. A typical active debit cardholder makes 31.2 point-of-sale (POS) purchases in a month – including physical and digital payments – with an average ticket of \$47.99, generating annual spend of approximately \$18,000.



Debit Portfolio KPIs

	Penetration rate	Active rate	Usage*	Average ticket	Spend**
Overall	81.3% ↑1.0% YoY	66.0% ↓0.5% YoY	31.2 ↑1.6% YoY	\$47.99 ↑2.3% YoY	\$18,000 ↑4.4% YoY
Consumer cards	83.2%	67.4%	32.1	\$45.18	\$17,400
Business cards	59.7%	50.0%	21.0	\$116.88	\$29,500

*Monthly POS transactions per active card

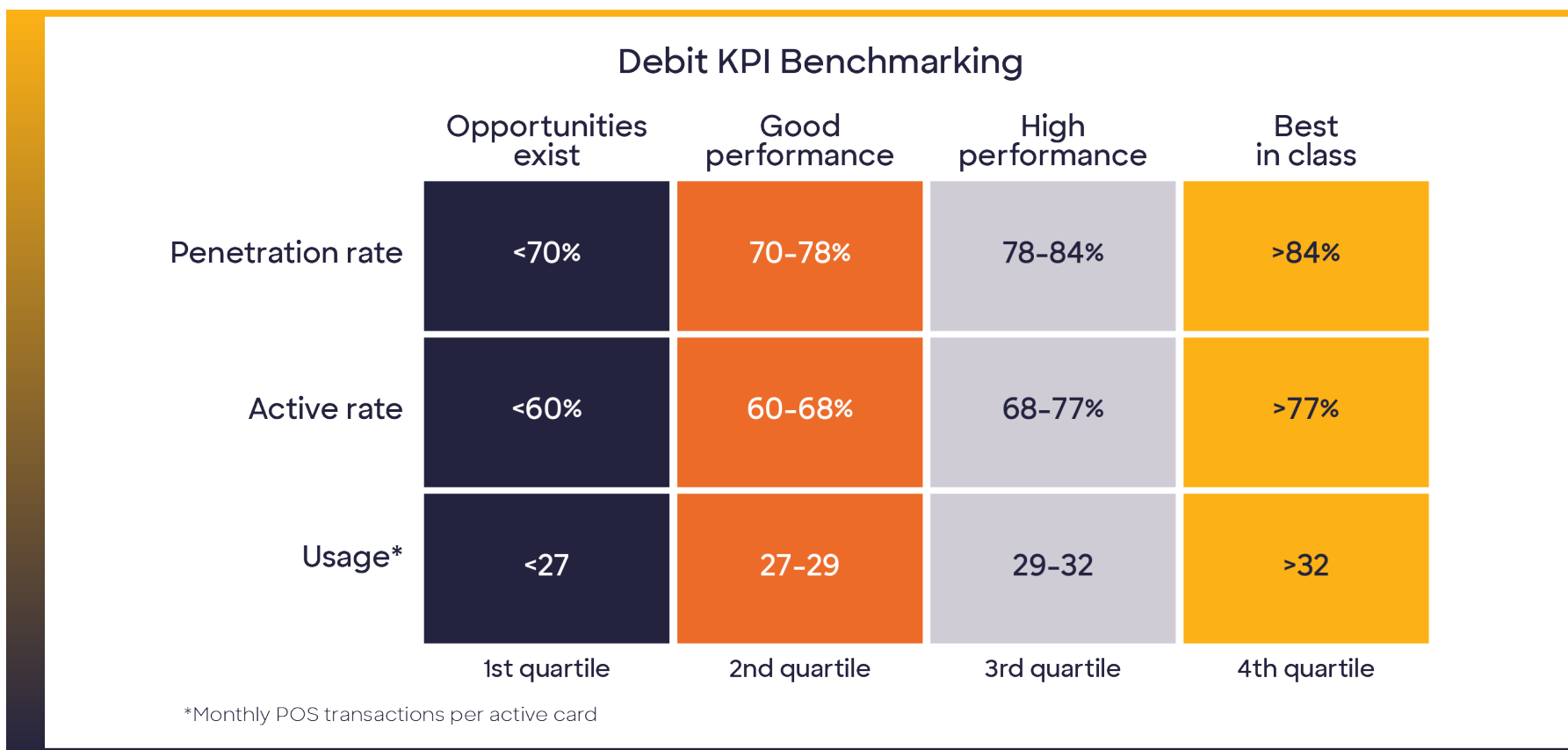
**Spend per active card per year

“All of our resources are focused on deepening engagement with our customers.”

– Covered Issuer

Best-in-class issuers – those in the top quartile of performance – saw 77% or more of their cards (consumer and business combined) used in any given month, with active cardholders making over 32 POS purchases per month.

Outperformers are utilizing a multipronged approach to managing their debit operations, with a sharp focus on attracting customers who prefer debit; investing in digital tools to help enhance the customer experience; and committing to debit as a top organizational priority.



Debit Card Growth Slows as Challengers Capture Share

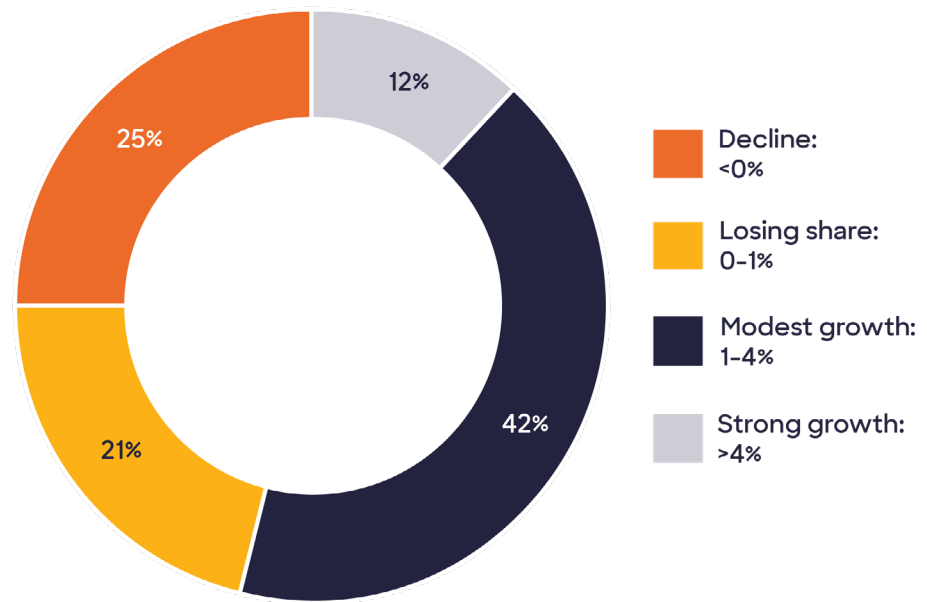
In 2024, banks and credit unions added new debit cards equal to 16.1% of their total card base. However, almost as many account holders (15.9%) opted to close their accounts. As a result, issuers had net card growth of just 0.2% – slower than overall population growth.

Consumers continue to use debit as their primary payment method, but they may no longer use a traditional FI for their primary transaction account. Numerous fintechs, digital-wallet providers, and challenger banks are capturing a growing share of U.S. households and spend.



Net card base growth of **0.2%** reflects balance between acquisition and attrition rates

Changes in Issuer Card Bases, 2024 vs. 2023



“

We feel the pressure now for account and deposit acquisition. We're especially battling the digital fintechs.”

- Exempt Issuer

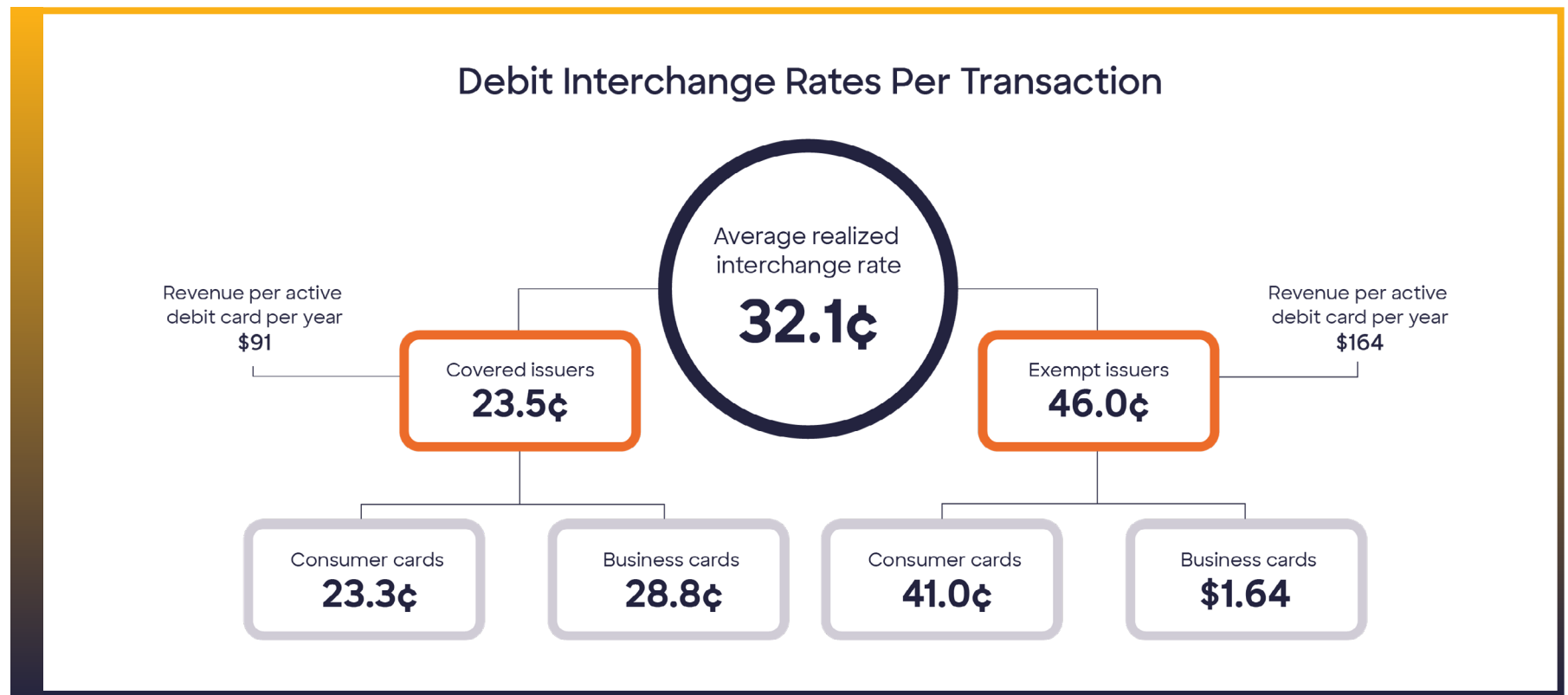
Debit Economics

Covered issuers receive an average 23.5¢ in gross interchange revenue per transaction – compared with 46.0¢ for exempt issuers. This rate differential is even more pronounced for business debit cards, where exempt issuers receive interchange revenue that is more than five times the average rate received by covered issuers (\$1.64 per transaction versus 28.8¢).

This revenue equates to an average \$91 per active debit card per year for covered issuers and \$164 for exempt issuers – a financial

advantage that can be used to invest in products and services to better compete in the marketplace.

Despite the importance of interchange to issuers, only about half are confident in their understanding of their debit program's interchange revenue. This knowledge gap may hinder an issuer's ability to optimize revenue strategies or respond effectively to regulatory and market changes.





QUESTIONS TO CONSIDER



If your institution is in the 46% of issuers increasing their card base by less than 1% annually, then:

- Is there a strategic plan to enhance the competitiveness of the core product and/or reduce customer churn? Where does your organization have a clear advantage?



How does your overall POS interchange rate compare with your peer group average?

- If your rate is lower than average, does this reflect your portfolio's characteristics (e.g., spend skews toward big-box retailers) and/or is this a function of your network participation decisions?
- Similarly, if your rate is higher than average, does this reflect your market (e.g., higher average tickets) or strong debit portfolio management?

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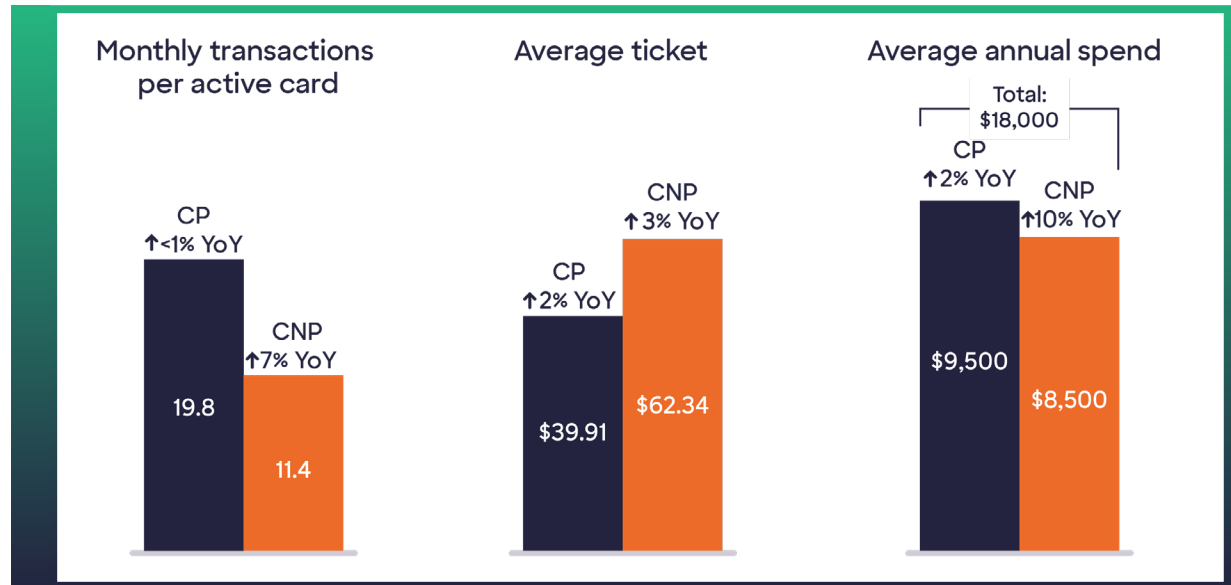
Transaction Trends

“The more payments you have connected to your card, the harder it is to walk away.”

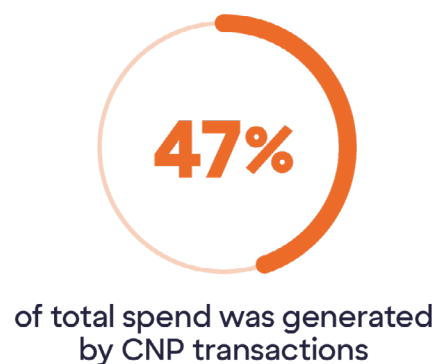
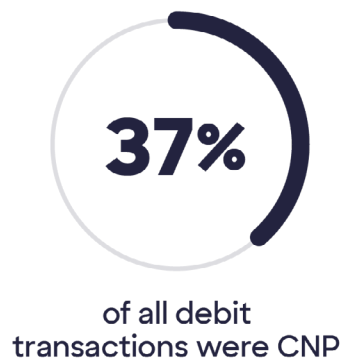
- Exempt Issuer

Digital Payments Continue to Surge

Some noteworthy trends emerged from the transaction data, including cardholders' further migration toward digital payments. CNP transactions grew 7% YoY, compared with less than 1% growth for card-present (CP) transactions. CNP is also outpacing CP in both average ticket size and annual spend growth.



Card-not-Present Transaction Highlights



CNP is now responsible for 37% of all debit transactions, fueled by consumers' increasing preference for e-commerce, in-app purchases, and on-demand services. In terms of spending, nearly half (47%) of all debit volume is generated by CNP transactions, with an average ticket size of \$62.34 – substantially higher than the \$39.91 average for CP transactions. With stronger growth and higher spend per transaction, CNP will soon capture the majority of debit's share of wallet.



12% of all debit transactions were originated by mobile devices



24% of all in-store contactless payments were generated from phones and wearables

The number of debit transactions initiated by mobile devices also increased YoY. Mobile devices now account for 12% of all debit transactions, up from 7% in 2023. Enrolled cardholders show comparable engagement with mobile wallets as physical cards, with an average active rate of 64%. However, the average mobile ticket is 36% below the average ticket for all types of debit transactions, reflecting

a mix of quick in-person tap-and-go payments and small in-app purchases.

Account-to-account (A2A) transfers remain the fastest-growing segment, climbing 10.7% YoY. U.S. debit issuers processed roughly 5 billion A2A transactions in 2024 – with funding transfers outpacing push-to-card credit transfers by more than two to one.

A2A Transaction Highlights, 2024

	Funding transactions	Credit transactions
Monthly transactions per active consumer card	1.4	0.7
Average transaction value	\$108	\$159
Transaction growth, YoY	13.1%	5.9%

Weighted average: 10.7%

Q QUESTIONS TO CONSIDER

- ✓ How well-equipped is your institution to support the accelerating shift to digital-first payments, particularly as CNP and mobile transaction volumes continue to expand?
- ✓ As A2A transactions surge, is your institution making the necessary investments in real-time payment infrastructure to remain competitive and meet rising customer expectations?
- ✓ Do your digital-card capabilities deliver meaningful differentiation in the market that strengthen customer loyalty and brand equity, or are they viewed as baseline features that are simply table stakes at this point?

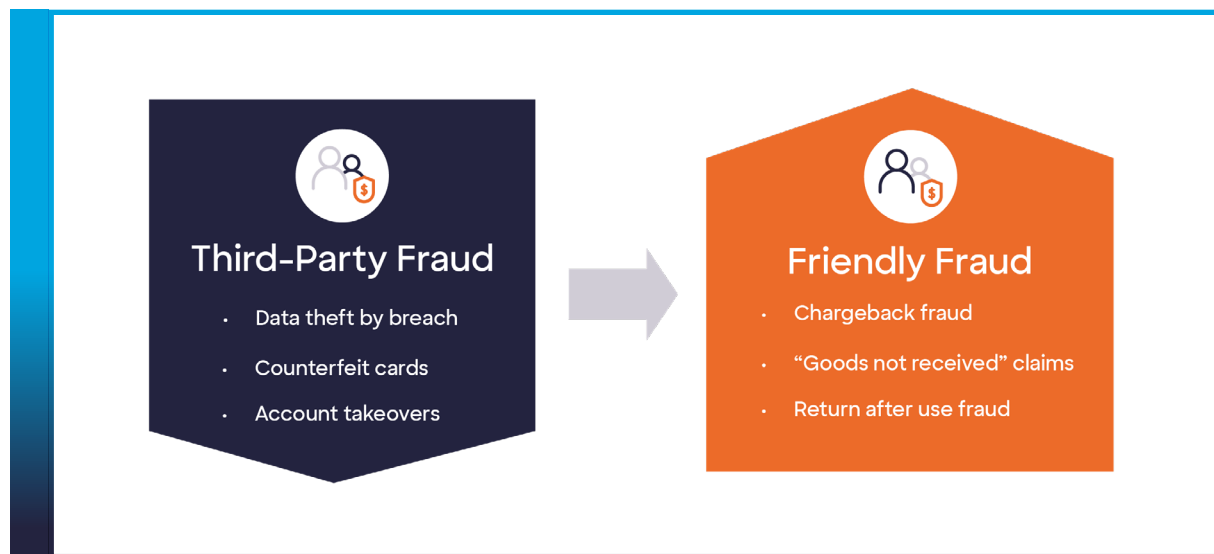
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Fraud Management

Rapidly Shifting Threat Landscape

Historically, debit's primary fraud risk has been third-party activity – such as skimming, data breaches, and use of lost or stolen cards. While these threats still exist, innovations like chip cards and tokenization have significantly reduced their impact. Issuers have also become more effective at threat detection and prevention.

Now, findings from debit issuers suggest that fraud risks are increasingly originating at the cardholder level.



Nearly one quarter of all fraud claims were classified as “friendly fraud” – cases in which the financial institution believes the cardholder legitimately conducted the transaction but is now disputing the charge. In these instances, effective cardholder management strategies – such as pre-chargeback reviews of accounts with recurrent disputes – are essential for successful resolution.

Another emerging challenge for debit issuers is the rise of scams. Unlike traditional fraud, these schemes often involve consumers being manipulated into authorizing transactions themselves, only to later realize they were deceived. This shift presents a unique challenge for issuers, as the line between legitimate and fraudulent

activity becomes harder to discern.

Scammers are not only growing in number but also in sophistication. With the advent of generative AI and other advanced technologies, fraudsters are now able to craft highly convincing communications that mimic trusted sources, making it even more difficult for consumers to detect deception. As these tactics evolve, the potential for widespread financial harm increases.

In response, consumers are turning to their financial institutions for guidance and protection. This demand creates both an opportunity and a responsibility for issuers to strengthen their role as trusted partners in fraud prevention.

An infographic titled "Scams" inside a light purple house-shaped box. At the top is a circular icon containing a person silhouette, a document, and a dollar sign with a lock. Below the icon, the word "Scams" is written in bold. Underneath, there is a bulleted list of three types of scams.

Scams

- False “money owed” or “account in jeopardy” notices
- Illegitimate product or job offers
- Impersonation scams

“

AI is allowing fraudsters to contact members, pretending to be us.”

- Exempt Issuer

Fraud Mitigation Framework

To effectively combat the evolving threat of payment fraud, leading issuers deploy a comprehensive, three-pronged strategy that integrates advanced technology, strategic execution, and continuous optimization. This approach not only strengthens fraud defenses but also ensures a seamless experience for legitimate cardholders.



Advanced Technology Enablement

At the core of modern fraud prevention is the deployment of cutting-edge tools powered by machine learning and artificial intelligence. These technologies enable real-time detection of unusual patterns, adaptive risk scoring, and predictive analytics that evolve alongside emerging threats.



Strategic Implementation

Technology alone is not enough. Best-in-class issuers pair innovation with execution, regularly refining fraud strategies, calibrating detection thresholds, and collaborating across teams to ensure rule sets are aligned with business objectives and regulatory requirements.



Ongoing Optimization

Continuous analysis of performance metrics, fraud trends, and customer feedback allows issuers to fine-tune their systems. This ensures fraud is effectively reduced while minimizing false positives and preserving the integrity of the cardholder experience.

By embracing this holistic framework, financial institutions can stay ahead of increasingly sophisticated fraud tactics while maintaining trust and operational resilience.

Q QUESTIONS TO CONSIDER

- ✓ Does your institution have the analytics and AI-powered detection tools or partnerships in place to identify patterns of fraud before they escalate?
- ✓ Does your treatment strategy effectively integrate cardholder history and behavioral insights when managing claims and disputes?
- ✓ Does your fraud-operations department systematically classify disputes by type – such as friendly fraud, third-party fraud, and scams – and apply treatment strategies accordingly?
- ✓ Is your institution delivering scam education in the right channels (e.g., digital banking apps, SMS, call centers, social media) to reach cardholders at their point of vulnerability?

05

The Road Ahead

“We are excited about digital issuance – getting activation and usage jump-started for new members right away.”

– Covered Issuer

Debit Issuers' Top Priorities

When asked about their top priorities for 2025 and where issuers see the greatest opportunities going forward, a few major themes emerged. Issuers are making strategic investments in digitalization, with digital card issuance cited most often. Core KPI enhancements, particularly boosting usage, is another key focus area for future growth. Finally, continuing to reduce fraud losses – both overall and as a percentage of spend – remains front and center.

Emerging Risks & Top Challenges

Issuers must also be ready to address a range of challenges, both in debit and more broadly within retail banking. Of 10 current or emerging risks to their business, issuers indicated that all but one (open banking) is a notable concern.

Debit Issuer Outlook

Key Priorities



Enhance the cardholder digital experience

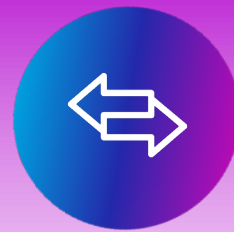


Improve debit penetration, active rate, and usage



Advance ongoing fraud management efforts

Key Challenges



Potential for reduced debit interchange revenue



Increased competition for cardholders and deposits



Rising investment costs for fraud and competitiveness

A Bright Outlook

Over the past two decades, debit has transformed into the dominant consumer payment method – demonstrating consistent growth through every economic cycle. Its enduring momentum, paired with its essential role in fortifying financial institutions' checking account product, has deepened issuer confidence. This resilient foundation positions debit for sustained relevance, growth, and long-term success.

ABOUT THE STUDY

Now in its 20th year, the PULSE Debit Issuer Study captures data and perspectives from a broad cross-section of U.S. financial institutions, providing a unique overview of the performance and priorities of debit card issuers.

The 2025 study, commissioned by PULSE and conducted by Banking & Payments Group LLC, is based on responses from 49 banks and credit unions distributed by size, region, card brand, and debit network participation.

Unless otherwise noted, data are for full-year 2024, and issuers' comments are from the first quarter of 2025. No issuer-specific information (including company name, data, or comments attributable to any specific issuer) is shared with PULSE.

ABOUT PULSE

PULSE is a leader in debit payments, global cash access, and account transfers, and we deliver exceptional value, choice, and convenience to clients across the payments ecosystem. We enable reliable and secure digital money movement for a wide variety of debit card programs through our PULSE Network, the Discover® Debit program, an advanced fraud-detection platform, and partner-support services. Our commitment to continuous improvement, innovation, and prioritizing the unique business needs of our clients empowers payment solutions that meet the evolving demands of consumers.

For more information, visit PulseNetwork.com.

ABOUT BANKING & PAYMENTS GROUP

Banking & Payments Group LLC (BPG) is an independent management consulting firm that specializes in the retail payments market. The firm provides best-in-class actionable advice to senior executives, bringing unmatched expertise and dedication to its clients.

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