



Payment Systems Review

July – September, 2018 (Quarter-1, FY19)

Payment Systems Department

Payment Systems Review for 1st Quarter-FY19 (July – September, 2018)

Banking through digital channels has been gaining increasing popularity in the country in recent years. These channels are alternatives for faster delivery of banking services to a wide range of customers.

Pakistan Real Time Interbank Settlement Mechanism (PRISM)¹ is the Large Value Payment System. It enables the transfer and settlement of high value interbank funds and improves the overall efficiency of the large value payment system. In addition to PRISM, there are various e-Banking channels like Real time online Branches (RTOBs), ATMs, POS, Internet Banking, Mobile Phone Banking, Call Centers/IVR Banking and ecommerce facilitating retail value payments. These e-Banking Channels are the major source of retail e-Payments in Pakistan.

A brief summary of comparative position is as under:

Table-1: Comparative Summary of Payment Systems

(Volume in Million and Value in Rs. Trillion)

Payment Systems	Quarter 4 – FY18		Quarter 1 – FY19 ^{p2} (Quarter under review)	
	Volume	Value	Volume	Value
PRISM	0.5	89.2	0.6	97.4
e-Banking	201.5	14.6	202.0	12.3
Paperbased	112.0	33.9	114.1	35.7

The volume of country's total Payment³ transactions grew by 0.9% compared to previous quarter with an increase of 5.6% in the value of transactions. The volume of PRISM transactions increased by 31.5% with an increase of 9.2% in value of transactions. The volume of retail e-Banking transactions witnessed a nominal growth of 0.2% with deceleration in value by 15.7% whereas paper-based payments showed substantial growth of 1.9% by volume and 5.4% by value.

Payment Systems Infrastructure

1. Commercial Banks in Pakistan are expanding their infrastructure for supporting e-Payments due to SBP's enabling policies. As on quarter-end July-September, 2018 there are 15,053 bank branches reported by banks, out of which 94 are overseas branches. All branches, except 27, are providing online banking services to their customers. There are 14,148 ATMs and 53,269 POS machines in the country. In addition to these, banks are also providing Internet, Mobile and Call Center Banking facilities.

¹ Real time Gross Settlement system (RTGS)

² P is used for provisional

³ PRISM, e-Banking and Paper based

Payment Systems Transactions

2. PRISM has 45 Direct Participants, which include Commercial Banks, Microfinance Banks, Development Finance Institutions and Central Depository Company (CDC)⁴. During the quarter under review, PRISM processed 621.8 thousands transactions of value Rs.97.4 trillion. These transactions showed a quarterly growth of 31.5% and 9.2% in volume and value of transactions respectively, compared to the previous quarter. In addition to Inter-participants funds transfer, PRISM also facilitates customers through customers' transfers' facility which has the largest share of 85.7% in the total volume of PRISM transactions whereas the government securities transfers' facility has the largest share of 70.4% in value of transactions. The customers' transfer transactions includes 164.2 thousands transactions of value Rs.106.9 billion of home remittances delivered through PRISM system across beneficiaries accounts.
3. During the quarter under review, e-Banking channels i.e. RTOBs, ATM, POS, Mobile Phone, Internet and Call Centers Banking as well as e-Commerce altogether processed 202.0 million transactions of value Rs.12.3 trillion. In the total e-Banking transactions, RTOBs has the highest share i.e. 83.1% in value of transactions whereas, the highest share w.r.t. the volume i.e. 62.9% goes to transactions processed by ATMs.

The channel-wise summary of these transactions is as under:-

- i. During the quarter under review, 82 more branches were added in RTOBs reaching a total number of 14,932. RTOBs processed 40.9 million transactions of value Rs.10.2 trillion during the said period.
- ii. Commercial banks deployed 129 ATMs by quarter-end, reaching the total number of ATMs in the country to 14,148. This showed a quarterly increase in ATM by 0.9%. During the quarter, ATMs processed 127.1 million transactions valuing Rs.1.5 trillion. Despite the availability of other financial services, still ATMs are mostly used for cash withdrawals in the country. In total ATMs transactions, cash withdrawals from ATMs has the highest share of 95.2% in volume with 88.6% share as value. The average ticket size of ATMs transaction is Rs.11,809.
- iii. In Pakistan, 26 Banks are offering Internet Banking service and there are 3.4 million Internet Banking users registered with banks. During the quarter under review, 9.0 million transactions of value Rs.369.5 billion were processed through Internet Banking. The number of registered users have increased by 9.9% from previous reporting quarter.
- iv. In total, 21 banks are providing Mobile Phone Banking facility to their customers' with the number of register Mobile Phone Banking users 3.6 million. These users processed 7.2 million transactions of value Rs.135.0 billion using Mobile Phone Banking Apps. These

⁴ <http://cdcpakistan.com/>

transactions depicted a quarterly growth of 5.8% and 2.7% both in volume and value of transactions respectively. The number of registered mobile banking users has shown an increase of 7.6% from previous quarter.

- v. Further, in total, 22 banks are providing banking services through call center/IVR with registered user-base of 27.1 million. During the quarter under review, 74 thousand transactions amounting to Rs.2.2 billion were processed by Call Centers/ IVR Banking. Although the registered customer base is high, however, the transactional volume and value in comparison to Internet and Mobile banking transactions does suggest that customers are not inclined to use banking services through call center/IVR on a routine basis.
 - vi. As on quarter-end, with the growth of 13.5%, the number of e-Commerce Merchants registered with banks reached to 1,242. These merchants processed 1.1 million transactions valuing Rs.5.7 billion during the quarter under review. The volume of eCommerce transactions showed a quarterly increase of 33.3% whereas value of these transactions showed a quarterly growth of 11.7% compared to the previous quarter. The average ticket size for ecommerce transactions being processed through domestic acquiring is Rs.4,917.
4. As on 30th September, 2018, the total number of payment cards issued in Pakistan reached to 41.9 million from 40.9 million showed a quarterly growth of 2.3% compared to the previous quarter. In the total number of reported cards, the number of Debit Cards is 22.4 million (53.7%), proprietary ATMs only Cards is 8.7 million (20.8%), Credit Cards 1.5 million (3.5%), Pre-Paid cards is 0.2 million (0.6%) and Social Welfare Cards is 8.9 million (21.3%). During the quarter under review, 145.5 million transactions of valuing Rs.1.6 trillion were processed by these Cards, of which transactions processed by Debit Cards has the highest share of 79% in volume and 84% in value of transactions, followed by the share of proprietary ATMs only Cards which contributed 11% in volume and 11% in value of transactions, rest of the transactions share were carried by pre-paid cards, credit cards and social welfare cards.
5. During the quarter under review, 114.1 million transactions of value Rs.35.7 trillion were processed through Branch banking and paper-based instruments. These transactions showed a quarterly growth of 1.8% in volume of transactions and an increase of 5.4% in value of truncations compared to previous quarter.

The Statistical Data of Payment Systems is appended on following pages.

Table-2: Payment Systems in Pakistan – Snapshot

Details as on 30 th September,2018	
Total Population ⁵	207.77 Million
Currency in Circulation ⁶	Rs. 4.6 Trillion
Number of Banks' Accounts ⁷	50,565,334

Payment Systems Infrastructure as on 30 th September,2018	
Number of Banks (Branches)	45 (15,053)
Commercial/ Specialized Banks (Branches)	13,965
Microfinance (Branches)	1,088
Number of Real Time Online Branches (RTOBs)	14,932
Number of banks having ATM machines	32
Number of banks having POS machines	9
Number of banks providing Internet Banking services	28
Number of Banks providing Mobile Phone Banking services	21
Number of Banks providing Call Center Banking services	22
Total Number of PRISM System Participants	45
Total number of ATMs Interoperable Switches	1
Total number of Cash Deposits Machines (CDMs)	52

⁵ <http://www.pbscensus.gov.pk/> (from the provisional census report of 2017)

⁶ As on end September, 2018 Monthly Statistical Bulletin, SBP publication

⁷ As on December, 2017 is used from Monthly Statistical Bulletin, SBP publication

Table-3: Payment Systems Infrastructure – Comparison

Number of:	(Actual Numbers)				
	Quarter-1 FY18	Quarter-2 FY18	Quarter-3 FY18	Quarter-4 FY18	Quarter-1 FY19 ^p
Commercial Banks	33	33	33	34	34
Microfinance Banks (MFBs)	11	11	11	11	11
Development Finance	8	8	8	8	8
PRISM Participants	41	41	43	43	45
Banks	31	31	32	32	33
MFBs	2	2	2	2	3
DFIs	7	7	8	8	8
Non-Bank	1	1	1	1	1
All Banks/ MFBs Branches	14,422	14,749	14,836	14,970	15,053
Real time Online Branches (RTOBs)	14,285	14,610	14,696	14,850	14,932
ATMs	12,963	13,409	13,835	14,019	14,148
On-site	10,330	10,478	10,602	11,366	11,489
Off-Site	2,181	2,207	2,357	2,648	2,654
Mobile	4	4	4	5	5
POS Machines	52,854	54,490	49,929	53,511	53,269
Internet Banking Users	2,336,757	2,347,026	2,781,004	3,113,728	3,422,670
Mobile Phone Banking Users	1,671,741	2,484,044	2,712,344	3,385,889	3,643,692
Call Centers/ IVR Banking Users	17,743,455	22,840,210	23,940,609	26,484,765	27,171,282
E-Commerce Merchants Registered with Banks	496	571	812	1,094	1,242

Table-4: Composition of Payment Cards

Number of	(Actual Numbers)				
	Quarter-1 FY18	Quarter-2 FY18	Quarter-3 FY18	Quarter-4 FY18	Quarter-1 FY19 ^p
Debit Cards	18,778,525	19,847,969	20,984,868	21,712,069	22,475,259
ATMs only Cards	8,224,719	8,385,281	8,528,797	8,586,819	8,722,621
Social Welfare Cards	9,201,476	9,500,938	8,897,960	8,932,140	8,948,923
Credit Cards	1,333,916	1,374,073	1,423,768	1,453,867	1,483,730
Pre-Paid Cards	248,689	253,144	236,018	234,098	234,814
Total	37,787,325	39,361,405	40,071,411	40,918,993	41,865,347

Table-5: Payment Systems Transactions – Summary

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PRISM System	0.4	88,080.2	0.4	93,625.4	0.4	90,082.7	0.5	89,259.8	0.6	97,400.3
E-Banking	171.8	9,107.0	186.9	11,691.2	196.2	11,945.5	201.5	14,659.4	202.0	12,344.2
RTOB	37.2	7,469.5	41.9	9,875.4	43.8	9,969.5	42.8	12,543.3	40.9	10,252.6
ATM	107.8	1,230.0	115.3	1,351.9	121.6	1,447.2	125.9	1,520.3	127.1	1,500.5
POS	15.2	66.0	16.4	73.4	15.8	76.7	16.1	81.0	16.6	78.7
Internet Banking	6.5	260.5	7.4	292.7	8.4	332.8	8.9	376.4	9.0	369.5
Mobile Phone Banking	4.1	73.9	5.0	91.7	5.9	112.8	6.8	131.4	7.2	135.0
Call Centers/ IVR Banking	0.1	2.3	0.1	2.3	0.1	2.1	0.1	2.0	0.1	2.2
E-Commerce	0.8	4.8	0.8	4.4	0.8	4.4	0.9	5.1	1.2	5.7
Paper-Based	118.8	37,381.7	117.6	40,276.0	118.1	38,776.1	112.0	33,928.4	114.1	35,770.5
Total	291.0	134,568.9	304.9	145,592.6	314.7	140,804.3	314.0	137,847.6	316.8	145,515.0

Table-6: PRISM Transactions

(Volume in thousand & value in Trillion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Government Securities	15.6	62.9	16.1	69.1	15.0	62.9	16.7	61.5	14.7	68.6
Inter-Bank Fund Transfers	53	16.4	58.5	15.0	56.94	17.57	62.0	16.6	60.3	18.6
3rd Party Customer Transfers	267.8	5.3	328.3	6.0	359.0	6.0	379.0	7.2	532.7	6.8
NIFT Clearing Settlement	14.7	3.5	15.5	3.5	15.53	3.55	15.9	4.0	14.1	3.5
Total	351.1	88.1	418.3	93.6	446.5	90.1	473.6	89.3	621.8	97.4

Table-7: Real-Time Online Branches (RTOBs) Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash Deposits	17.4	1,735.30	19.5	1,930.6	20.0	2,029.0	18.9	2,120.9	17.9	1,945.5
Cash Withdrawals	8	666.2	8.7	738.4	9.2	778.2	8.6	744.4	8.8	791.0
Intra-Bank Funds Transfers	11.8	5,068.00	13.7	7,206.4	14.5	7,162.3	15.3	9,678.1	14.2	7,516.0
Total	37.2	7,469.5	41.9	9,875.4	43.8	9,969.5	42.8	12,534.3	40.9	10,252.6

Table-8: ATM Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash withdrawals	102.6	1,069.70	109.3	1,174.5	115.3	1,261.5	119.6	1,332.5	121.0	1,328.6
Intra-Bank	2.2	64.8	2.4	72.8	2.5	79.9	2.2	86.6	2.3	72.4
Inter-Bank Funds Transfers	1.8	88.9	2.0	99.4	2.0	100.2	2.3	92.2	1.8	90.3
Utilities Bill Payments	1.3	4.2	1.5	3.0	1.6	2.3	1.7	4.0	1.8	6.2
Cash/Instrument Deposits	0.1	2.2	0.1	2.1	0.1	3.2	0.1	4.8	0.1	2.9
Total	107.8	1,230.00	115.3	1,351.8	121.6	1,447.2	125.9	1,520.2	127.1	1,500.4

Table-9: Internet Banking Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	1.6	59.2	1.8	74.7	2.1	87.9	2.2	102.1	2.2	96.4
Inter-Bank	2.0	89.2	2.4	105.1	2.6	124.7	2.9	143.1	2.9	139.1
Utilities Bill Payments	2.3	6.8	2.6	6.2	3.0	7.7	3.0	9.0	3.3	12.1
Misc. Payment Through Internet	0.6	105.4	0.6	106.7	0.7	112.4	0.7	122.2	0.7	121.9
Total	6.5	260.6	7.4	292.7	8.4	332.8	8.9	376.4	9.0	369.5

Table-10: Mobile Phone Banking Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	1.1	33.9	1.3	41.6	1.6	51.4	1.8	59.3	1.9	59.8
Inter-Bank	0.9	34	1.1	44.2	1.4	54.8	1.6	63.4	1.6	64.8
Utilities Bill Payments	2	2.6	2.3	2.2	2.7	2.3	3.1	3.5	3.5	5.0
Misc. Payment Through Mobile	0.2	3.4	0.2	3.8	0.2	4.4	0.3	5.1	0.3	5.4
Total	4.1	73.9	5.0	91.7	5.9	112.8	6.8	131.4	7.2	135.0

Table-11: Call Center/ IVR Banking Transactions

(Volume in Thousands & Value in Billion-PKR)

Transactions Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	6	0.2	7.7	0.2	6.1	0.2	5.8	0.1	6.0	0.2
Inter-Bank Funds Transfers	0.5	0	0.4	0.0	0.4	0.0	0.4	0.0	0.3	0.0
Utilities Bill Payments	27.9	0.3	21.1	0.1	17.4	0.2	19.4	0.3	23.9	0.4
Misc. Payment Through Call	45.1	1.8	48.1	1.9	44.2	1.7	43.0	1.6	43.8	1.6
Total	79.5	2.3	77.4	2.3	68.0	2.1	68.5	2.0	74.0	2.2

Table-12: ATM Transactions - By Payment Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	13.4	135.1	15.3	154.8	16.0	168.2	16.4	172.2	16.6	171.8
Debit Cards	91.6	1,073.3	98.5	1,189.5	103.8	1,328.7	105.1	1,331.7	105.7	1313.4
Credit Cards	0.1	0.5	0.1	0.6	0.7	3.5	0.0	0.5	0.0	0.5
Pre-Paid Cards	0.2	1.0	0.1	1.0	0.2	1.2	0.3	1.5	0.2	1.1
Social Welfare Cards	2.3	9.1	1.0	4.5	1.8	7.8	2.5	11.4	2.1	8.5
Total	107.5	1,219.1	115.1	1,350.4	122.5	1,509.4	124.3	1,517.2	124.7	1495.3

Table-13: POS Transactions - By Payment Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	0.2	2.7	0.2	2.9	0.2	3.3	0.2	3.2	0.1	2.7
Debit Cards	8.3	32.6	9.3	36.6	9.8	37.7	10.4	40.8	10.7	39.9
Credit Cards	7.1	39.7	7.5	41.5	7.9	43.5	8.4	47.0	9.6	44.8
Pre-Paid Cards	0	0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0
Social Welfare Cards	0.4	1.5	0.1	0.3	0.3	1.1	0.3	1.3	0.3	1.3
Total	15.9	76.5	17.1	81.4	18.2	85.7	19.4	92.3	20.8	88.8

Table-14: E-Commerce Transactions by Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY18		FY18		FY18		FY18		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Debit Cards	0.4	2	0.6	3.5	1.0	4.5	0.8	3.9	0.9	4.1
Credit Cards	0.8	5.6	0.8	5.3	0.9	6.2	1.2	7.6	1.1	7.2
Pre-Paid Cards	0.1	0.2	0.1	0.3	0.1	0.3	0.1	0.3	0.1	0.2
Total	1.3	7.9	1.5	9.1	2.0	11.0	2.1	11.8	2.2	11.6

Acronyms

ATM	Auto Teller Machine
CDM	Cash Deposits Machine
CNP	Card not Present
IVR	Interactive Voice Response
MFB	Microfinance Bank
NIFT	National Institutional Facilitation Technologies (Pvt.) Ltd
OTC	Over the Counter
PRISM	Pakistan Real-time Interbank Settlement Mechanism
PSD	Payment Systems Department
RTGS	Real-Time Gross Settlement System
RTOB	Real-time online Branches

The number of Banks, Branches, ATMs, POS, Registered Users and Payment Card figures wherever mentioned in this Review are the position as on end Quarter basis whereas the volume and value of transactions are during the quarter figure. The data of ATMs, POS is reported by the Acquirers whereas Card-wise data of the same channels is reported by the Issuers, due to this difference may exist. P is used for provisional.

Disclaimer

In this Review, the statistics and statistical analysis are based on the data received from Commercial and Microfinance Banks. Although a great deal of care has been taken to ensure publication of correct information and data; This Review is being published for the purpose of information and analysis of stakeholders. Further, there may be minor differences due to rounding-off numbers.

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