



Payment Systems Review

January – March, 2019 (Quarter-3, FY19)

Payment Systems Department

Payment Systems Review for 3rd Quarter-FY19 (January – March, 2019)

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 as also evident from the figures stated below:

As we all know that Pakistan Real Time Interbank Settlement Mechanism (PRISM)¹ is the only Large Value Payment System being operated in Pakistan currently. It enables the transfer and settlement of high value interbank funds and improves the overall efficiency of the large value payment system. On retail payment side, there are various e-Banking channels like Real time online Branches (RTOBs), ATMs, POS, Internet Banking, Mobile Phone Banking, Call Centers/IVR Banking and e-commerce that facilitate retail value payments.

A brief summary of comparative position of Payment Systems is as under:

Table-1: Comparative Summary of Payment Systems

(Volume in Million and Value in Rs. Trillion)

Payment Systems	Quarter 2 – FY19		Quarter 3 – FY19 ² (Quarter under review)		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
PRISM	0.7	98.3	0.6	107.1	(10.4)	8.9
e-Banking	217.0	14.7	217.7	14.8	0.3	0.6
Paperbased	120.7	36.5	117.2	35.4	(2.9)	(3.1)
Total	337.7	149.6	335.4	157.3	(0.7)	5.2

The volume of country's total Payment³ transactions observed a decline by 0.7% compared to previous quarter with an increase of 5.2% in the value of transactions. The volume of PRISM transactions decreased by 10.4%, however it showed an increase of 8.9% in value of transactions. Furthermore, e-Banking transactions witnessed an increase of 0.3% in volume and 0.6% in value.

Payment Systems Infrastructure

- Commercial Banks in Pakistan are expanding their infrastructure for supporting e-Payments due to SBP's enabling policies. As on quarter-end January-March, 2019 there are 15,549 bank branches reported by the Banks/MFBs, out of which 114 are overseas branches. All branches, except 27, are providing online banking services to their customers. There are 14,575 ATMs and 55,240 POS machines in the country. Besides, banks are also providing Internet, Mobile and Call Center Banking facilities to their customers.

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 599 thousands transactions of value Rs.107.1 trillion. These transactions showed a quarterly decline of 10.3%, however showed an increase of 8.9% in terms of value. The business has shown a slow trend in this quarterly period, as most of the bulk payments occur during December end period (closing of books following Calendar end period) and June end period (closing of books following Fiscal year period). In addition to Inter-participants funds transfer, PRISM also facilitates customers through customers' transfers' facility which has the largest share of 83.1% in the total volume of PRISM transactions whereas the government securities transfers' facility has the largest share of 69.0% in value of transactions. The customers' transfer transactions include 158.3 thousands transactions of value Rs.100.9 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 217.7 million transactions of value Rs.14.8 trillion. In the total e-Banking transactions, RTOBs has the highest share i.e. 84.2% in value of transactions whereas, the highest share w.r.t. the volume i.e. 59.9% goes to transactions processed by ATMs.

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

- i. During the quarter under review, 62 more branches were added in RTOBs reaching a total number to 15,408. RTOBs processed 46.9 million transactions of value Rs.12.4 trillion during the quarter under review.
- ii. Commercial banks deployed 214 ATMs by quarter-end, reaching the total number of ATMs in the country to 14,575. This showed a quarterly increase in ATM by 1.5%. During the quarter, ATMs processed 130.5 million transactions valuing Rs.1.6 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 95.4% in volume with 89.9% share in value. The average ticket size of ATM transactions increased to Rs.11,522 in this quarter compared to Rs.11,293 in the preceding quarter.
- iii. In Pakistan, 27 Banks are offering Internet Banking service and there are 3.1 million Internet Banking users registered with banks. During the quarter under review, 8.6 million transactions of value Rs.362.3 billion were processed through Internet Banking.

⁴ <http://cdcpakistan.com/>

- iv. In total, 23 banks are providing Mobile Phone Banking facility to their customers' with the number of registered Mobile Phone Banking users of 5.0 million. These users processed 11.9 million transactions of value Rs.271.3 billion using Mobile Phone Banking Apps.
 - v. Further, in total, 22 banks are providing banking services through call center/IVR with registered user-base of 30.8 million. During the quarter under review, 66.0 thousand transactions amounting to Rs.2.3 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 still not much inclined to use banking services through call center/IVR on a routine basis. This is also substantiated from the fact that transactional volume has decreased by 8.5%.
 - vi. As on quarter-end, the number of e-Commerce Merchants registered with banks reached to 1,398. These merchants processed 1.3 million transactions valuing Rs.5.6 billion during the quarter under review. The average ticket size for ecommerce transactions being processed through domestic acquiring is Rs.4,260, compared to Rs.4,778 in the preceding quarter.
4. As on 31st March, 2019, the total number of payment cards issued in Pakistan has reached to 42.2 million. In the total number of reported cards, the number of Debit Cards is 23.9 million (56.8%), proprietary ATM Cards is 8.6 million (20.6%), Credit Cards 1.6 million (3.7%), Pre-Paid cards is 0.2 million (0.5%) and Social Welfare Cards is 7.7 million (18.4%). During the quarter under review, 148.9 million transactions of valuing Rs.1.68 trillion were processed by these Cards, of which transactions processed by Debit Cards has the highest share of 82.1% in volume and 86.2% in value of transactions.
5. During the quarter under review, 117.2 million transactions of value Rs.35.4 trillion were processed through Branch banking and paper-based instruments. These transactions showed a quarterly decline of 2.9% in volume of transactions and a decrease of 3.1% 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 31 st March, 2019	
Total Population ⁵	207.77 Million
Currency in Circulation ⁶	Rs.4.8 trillion
Number of Banks' Accounts ⁷	53,111,547

Payment Systems Infrastructure as on 31 st March, 2019	
Number of Banks (Branches)	45(15,549)
Commercial/ Specialized Banks Branches	14,383
Microfinance (Branches)	1,166
Number of Real Time Online Branches (RTOBs)	15,408
Number of banks having ATM machines	33
Number of banks having POS machines	9
Number of banks providing Internet Banking services	27
Number of Banks providing Mobile Phone Banking services	23
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)	49

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

⁶ As on end January, 2019 Monthly Statistical Bulletin, SBP publication

⁷ As on June, 2018 is used from Monthly Statistical Bulletin, SBP publication

Table-3: Payment Systems Infrastructure – Comparison

(Actual Numbers)

Number of:	Quarter-3 FY18	Quarter-4 FY18	Quarter-1 FY19	Quarter-2 FY19	Quarter-3 FY19 ^p
Commercial Banks	33	34	34	34	34
Microfinance Banks (MFBs)	11	11	11	11	11
Development Finance	8	8	8	8	8
PRISM Participants	43	43	45	45	45
Banks	32	32	33	33	33
MFBs	2	2	3	3	3
DFIs	8	8	8	8	8
Non-Bank	1	1	1	1	1
All Banks/ MFBs Branches	14,836	14,970	15,053	15,464	15,549
Real Time Online Branches (RTOBs)	14,696	14,850	14,932	15,346	15,408
ATMs	13,835	14,019	14,148	14,361	14,575
On-site	10,602	11,366	11,489	11,661	11,878
Off-Site	2,357	2,648	2,654	2,695	2,692
Mobile	4	5	5	5	5
POS Machines	49,929	53,511	53,269	49,261	55,240
Internet Banking Users	2,781,004	3,113,728	3,422,670	3,362,229	3,113,399
Mobile Phone Banking Users	2,712,344	3,385,889	3,643,692	3,943,241	5,045,263
Call Centers/ IVR Banking Users	23,940,609	26,484,765	27,171,282	27,967,811	30,853,027
E-Commerce Merchants Registered with Banks	812	1,094	1,242	1,186	1,398

Table-4: Composition of Payment Cards

(Actual Numbers)

Number of:	Quarter-3 FY18	Quarter-4 FY18	Quarter-1 FY19	Quarter-2 FY19	Quarter-3 FY19 ^p
Debit Cards	20,984,868	21,712,069	22,475,259	23,303,422	23,972,022
ATMs only Cards	8,528,797	8,586,819	8,722,621	8,805,431	8,692,010
Social Welfare Cards	8,897,960	8,932,140	8,948,923	7,847,513	7,777,839
Credit Cards	1,423,768	1,453,867	1,483,730	1,522,366	1,555,508
Pre-Paid Cards	236,018	234,098	234,814	229,680	227,487
Total	40,071,411	40,918,993	41,865,347	41,708,412	42,224,866

Table-5: Payment Systems Transactions – Summary

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3 FY18		Quarter-4 FY18		Quarter-1 FY19		Quarter-2 FY19		Quarter-3 FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PRISM System	0.4	90,082.7	0.5	89,259.8	0.6	97,400.3	0.7	98,322.2	0.6	107,099.9
E-Banking	196.2	11,945.5	201.5	14,659.4	202.0	12,344.2	217.0	14,723.6	217.7	14,810.1
RTOB	43.8	9,969.5	42.8	12,543.3	40.9	10,252.6	47.1	12,427.5	46.9	12,472.0
ATM	121.6	1,447.2	125.9	1,520.3	127.1	1,500.5	131.4	1,593.0	130.5	1,606.5
POS	15.8	76.7	16.1	81.0	16.6	78.7	18.2	89.8	18.3	90.0
Internet Banking	8.4	332.8	8.9	376.4	9.0	369.5	10.2	444.2	8.6	362.3
Mobile Phone Banking	5.9	112.8	6.8	131.4	7.2	135.0	8.5	159.9	11.9	271.3
Call Centers/ IVR Banking	0.1	2.1	0.1	2.0	0.1	2.2	0.1	2.4	0.1	2.3
E-Commerce	0.8	4.4	0.9	5.1	1.2	5.7	1.5	7.0	1.3	5.7
Paper-Based	118.1	38,776.1	112.0	33,928.4	114.1	35,770.5	120.7	36,539.0	117.2	35,421.2
Total	314.7	140,804.3	314.0	137,847.6	316.8	145,515.0	337.7	149,584.7	335.4	157,331.2

Table-6: PRISM Transactions

(Volume in thousand & value in Trillion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY18		FY18		FY19		FY19		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Government Securities	15.0	62.9	16.7	61.5	14.7	68.6	16.5	68.2	15.8	73.9
Inter-Bank Fund Transfers	56.9	17.57	62.0	16.6	60.3	18.6	72.1	18.3	69.8	21.9
3rd Party Customer Transfers	359.0	6.0	379.0	7.2	532.7	6.8	563.3	8.0	497.8	7.8
NIFT Clearing Settlement	15.5	3.55	15.9	4.0	14.1	3.5	16.3	3.8	15.6	3.5
Total	446.5	90.1	473.6	89.3	621.8	97.4	668.1	98.3	599.0	107.1

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

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY18		FY18		FY19		FY19		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash Deposits	20	2,029.00	18.9	2,120.90	17.9	1,945.50	21.8	2,306.30	21.8	2,341.5
Cash Withdrawals	9.2	778.2	8.6	744.4	8.8	791	9.8	874.8	9.5	898.1
Intra-Bank Funds Transfers	14.5	7,162.30	15.3	9,678.10	14.2	7,516.00	15.5	9,246.40	15.6	9,232.4
Total	43.8	9,969.50	42.8	12,534.30	40.9	10,252.60	47.1	12,427.50	46.9	12,472.0

Table-8: ATM Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY18		FY18		FY19		FY19		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash withdrawals	115.3	1,261.5	119.6	1,332.5	121.0	1,328.6	124.8	1,409.4	124.5	1,434.5
Intra-Bank	2.5	79.9	2.2	86.6	2.3	72.4	2.2	86.4	2.2	76.0
Inter-Bank Funds Transfers	2.0	100.2	2.3	92.2	1.8	90.3	2.1	86.7	1.8	87.4
Utilities Bill Payments	1.6	2.3	1.7	4.0	1.8	6.2	2.1	5.3	1.9	3.2
Cash/Instrument Deposits	0.1	3.2	0.1	4.8	0.1	2.9	0.1	5.0	0.1	5.2
Total	121.6	1,447.2	125.9	1,520.2	127.1	1,500.4	131.4	1,593.0	130.5	1,606.4

Table-9: Internet Banking Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY18		FY18		FY19		FY19		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	2.1	87.9	2.2	102.1	2.2	96.4	2.5	118.9	2.1	94.5
Inter-Bank	2.6	124.7	2.9	143.1	2.9	139.1	3.4	181.1	3.1	159.8
Utilities Bill Payments	3.0	7.7	3.0	9.0	3.3	12.1	3.4	15.0	2.8	15.0
Misc. Payment Through Internet	0.7	112.4	0.7	122.2	0.7	121.9	0.8	129.3	0.7	92.9
Total	8.4	332.8	8.9	376.4	9.0	369.5	10.2	444.2	8.6	362.3

Table-10: Mobile Phone Banking Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY18		FY18		FY19		FY19		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	1.6	51.4	1.8	59.3	1.9	59.8	2.3	72.0	3.2	110.3
Inter-Bank	1.4	54.8	1.6	63.4	1.6	64.8	1.9	77.0	2.7	111.3
Utilities Bill Payments	2.7	2.3	3.1	3.5	3.5	5.0	3.9	4.3	5.3	4.7
Misc. Payment Through Mobile	0.2	4.4	0.3	5.1	0.3	5.4	0.4	6.7	0.7	45.0
Total	5.9	112.8	6.8	131.4	7.2	135.0	8.5	159.9	11.9	271.3

Table-11: Call Center/ IVR Banking Transactions

(Volume in Thousands & Value in Billion-PKR)

Transactions Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY18		FY18		FY19		FY19		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	6.1	0.2	5.8	0.1	6.0	0.2	6.1	0.2	5.6	0.2
Inter-Bank Funds Transfers	0.4	0.0	0.4	0.0	0.3	0.0	0.2	0.0	0.3	0.0
Utilities Bill Payments	17.4	0.2	19.4	0.3	23.9	0.4	18.0	0.3	14.0	0.2
Misc. Payment Through Call	44.2	1.7	43.0	1.6	43.8	1.6	47.9	1.9	46.2	1.9
Total	68.0	2.1	68.5	2.0	74.0	2.2	72.2	2.4	66.0	2.3

Table-12: ATM Transactions - By Payment Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY18		FY18		FY19		FY19		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	16.0	168.2	16.4	172.2	16.6	171.8	16.7	169.3	16.9	176.0
Debit Cards	103.8	1,328.7	105.1	1,331.7	105.7	1313.4	112.1	1,410.3	109.9	1,401.9
Credit Cards	0.7	3.5	0.0	0.5	0.0	0.5	0.0	0.5	0.0	0.5
Pre-Paid Cards	0.2	1.2	0.3	1.5	0.2	1.1	0.2	1.0	0.1	0.9
Social Welfare Cards	1.8	7.8	2.5	11.4	2.1	8.5	1.8	10.3	1.6	8.8
Total	122.5	1,509.4	124.3	1,517.2	124.7	1495.3	130.9	1,591.4	128.6	1,588.0

Table-13: POS Transactions - By Payment Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY18		FY18		FY19		FY19		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	0.2	2.9	0.2	3.3	0.2	3.2	0.1	2.4	0.1	1.7
Debit Cards	9.3	36.6	9.8	37.7	10.4	40.8	11.9	46.2	12.2	46.8
Credit Cards	7.5	41.5	7.9	43.5	8.4	47.0	7.8	43.7	7.7	43.6
Pre-Paid Cards	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0
Social Welfare Cards	0.1	0.3	0.3	1.1	0.3	1.3	0.2	0.8	0.3	1.0
Total	17.1	81.4	18.2	85.7	19.4	92.3	20.0	93.0	20.3	93.1

Table-14: E-Commerce Transactions by Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY18		FY18		FY19		FY19		FY19 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Debit Cards	1.0	4.5	0.8	3.9	0.9	4.1	0.9	3.7	1.1	3.8
Credit Cards	0.9	6.2	1.2	7.6	1.1	7.2	1.4	8.2	1.4	8.5
Pre-Paid Cards	0.1	0.3	0.1	0.3	0.1	0.2	0.1	0.3	0.1	0.3
Total	2.0	11.0	2.1	11.8	2.2	11.6	2.4	12.3	2.5	12.5

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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