

## **BRANCHLESS BANKING SHOWS ROBUST GROWTH**

Branchless banking (BB) transactions showed a robust growth of 29% during the quarter July – September, 2013 to reach Rs 224 billion, whilst BB accounts climbed up by 12% leading to 2.96 million BB accounts operating in the country.

According to State Bank of Pakistan's latest Branchless Banking Newsletter, 51.9 million BB transactions were recorded during Jul-Sep, 2013, which is 16% higher than that in the previous quarter. The growth demonstrated stems from small-value transactions averaging Rs.4,315 largely carried out by unbanked segment of population for domestic remittances, social welfare payments such as BISP, Watan Card etc, pension payments, and utility bill payments. Owing to SBP's supportive policy environment for branchless banking, these BB services are being offered at alternative delivery channels in the form of agent network, mobile phones, ATMs, and PoS.

The agent network continued to rapidly expand and has reached 110,214 in number. This fast expansion has also been fueled by the trend of using shared agents by the providers.

According to the newsletter, over the counter (OTC) transactions were 41.87 million worth Rs.116.8 billion, demonstrating growth of 12% in volume, and 24% in value, during the quarter. Meanwhile, 7.2 million m-wallet transactions, valuing Rs 13.6 billion were performed, signifying 32% growth in volume and 44% in value during the quarter. Even though OTC transactions, with a share of 81% in overall number of BB transactions dominated over m-wallet transactions which seized a share of 14%, if compared to last quarter a slight pickup of 2% share in m-wallets transactions has been observed.

The BB market, currently consisting of eight players, is gradually becoming competitive and innovative. According to the newsletter, international consultants from World Bank testified in a workshop held at SBP in December 2013 that SBP's policy framework for BB and financial inclusion is in sync with the best approach for optimally managing linkages between financial inclusion and central banks' traditionally core objectives of financial stability, financial integrity, and consumer protection.

The Branchless Banking Newsletter is accessible at:

<http://www.sbp.org.pk/publications/acd/BranchlessBanking-Jul-Sep-2013.pdf>