



Payment Systems Review

January - March, 2018 (Quarter-3, FY18)

Payment Systems Department

Payment Systems Review for 3rd Quarter-FY18 (January-March, 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 Systems. 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 eBanking 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 retails ePayment 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 2 – FY18		Quarter 3 – FY18 ^{P2} (Quarter under review)	
	Volume	Value	Volume	Value
PRISM	0.4	93.6	0.4	90.1
eBanking	186.9	11.7	196.2	11.9
Paperbased	117.6	40.3	118.1	38.8

The volume of country's total Payments³ transactions grew by 3.2% compared to previous quarter with a decline in 3.3% in the value of transactions. However, the volume and value of retail eBanking transactions grew by 5.0% and 2.2% respectively, whereas the volume of PRISM transactions grew by 6.7% with a decline of 3.8% in value of transactions and the volume of Paperbased transactions grew by 0.4% and value of transactions showed a decline of 3.7% compared to the previous quarter.

Payment Systems Infrastructure

- Commercial Banks in Pakistan are expanding their infrastructure for supporting ePayment due to SBP's supportive policies. The large value payment systems PRISM has 43 Direct Participants, which includes Commercial Banks, Microfinance Banks, Development Finance Institutions and Central Depository Company (CDC)⁴. As on end Quarter January-March, 2018 there are 14,850 banks branches reported by 45 Banks/Microfinance Banks, out of which 117 are overseas branches. All branches in the country, except 23 are providing online banking services to their customers. There are 13,835 ATMs and 53,509 POS machines in country. In

¹Real time Gross Settlement system (RTGS)

² P is used for provisional

³ PRISM, e-Banking and Paper based

⁴ <http://cdcpakistan.com/>

addition to these, Banks are providing Internet, Mobile Phone and Call Centers/IVR Banking facilities.

Payment Systems Transactions

2. During the quarter under review, PRISM processed 446.5 thousands transactions of value Rs.90.1 trillion. These transactions showed a quarterly growth of 6.7% in volume of transactions, however, showed a slight decline of 3.8% in value of transactions compared to the previous quarter. In addition to Inter-participants Funds transfer, PRISM facilitates customers through customers' transfers' facility as well which has the largest share of 80.4% in the total volume of PRISM transactions whereas the Government securities transfers' has the largest share of 69.6% in value of transactions. The customers' transfer transactions includes 145.3 thousands transactions of value Rs.87.3 billion of home remittances delivered through PRISM system across beneficiaries accounts.
3. During the Quarter under review, eBanking channels i.e. RTOBs, ATM, POS, Mobile Phone, Internet and Call Centers Banking as well as e-Commerce altogether processed 196.2 million transactions of value Rs.11.9 trillion. These transactions showed a quarterly growth of 5.0 % and 2.2 % in volume and value respectively compared to the previous quarter. In the total eBanking transactions RTOBs has the highest share i.e. 83.5% in value of transactions whereas, the highest share w.r.t. the volume i.e. 62.0% goes to transactions processed by ATMs.

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

- i. During the quarter under review, 100 more branches added in RTOBs reaching a total number of 14,710. RTOBs processed 43.8 million transactions of value Rs.10 trillion during the quarter. These transactions showed a quarterly growth of 4.4% and 1% in volume and value of transactions respectively as compared to the previous Quarter.
- ii. Commercial banks deployed 426 more ATMs by the end of the quarter reaching the total number of ATMs in the country to 13,835. This showed a quarterly increase of 3.2% in the number of ATM. During the quarter, ATMs processed 121.6 million transactions valuing Rs.1.4 trillion. These transactions showed a quarterly growth of 5.5% and 7.0% in volume and value of transactions respectively as compared to previous quarter. 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 94.8% in volume with 87.2% share as value. The average ticket size of ATMs transaction is 11,906.
- iii. In Pakistan, 26 Banks are offering Internet Banking Service and there are 2.9 Internet Banking users registered with Banks. During the quarter under review, 8.4 million transactions of value Rs.332.8 billion were processed through Internet Banking. These transactions showed a growth of 13.4% and 13.7% both in volume and value of transactions respectively.

- iv. In total, 19 Banks are providing Mobile Phone Banking facility to their customers' with the number of register Mobile Phone Banking users 3.1 million. These users processed 5.9 million transactions of value Rs.112.8 billion using Mobile Phone Banking Apps. These transactions depicted a quarterly growth of 12.2% and 23.0 % both in volume and value of transactions respectively.
 - v. Due to the rapid increase of Internet and Mobile Phone Banking in the country, the overall usage of Call Centers/ IVR banking has been showing a declining trend. During the quarter under review, 68.0 thousand transactions value Rs.2.1 billion were processed by Call Centers/ IVR Banking. These transactions showed a quarterly decline of 12.1% and 7.1% both in volume and value of transactions respectively.
 - vi. As on end quarter, with the growth of 13% the number of e-Commerce Merchants registered with Banks reached to 1,023. These merchants processed 0.8 million transactions valuing Rs.4.4 billion during the quarter under review. The volume of eCommerce transactions showed a quarterly decline of 3.9% whereas value of these transactions showed a quarterly growth of 0.6% compared to the previous quarter.
4. As on 31st March 2018, the total number of payment cards issued in Pakistan reached to 40.1 million from 39.3 million showed a quarterly growth of 1.8% compared to the previous quarter. In the total number of reported cards, the number of Debit Cards is 21.0 (52.4%) million, proprietary ATMs only Cards is 8.5 (21.3%) million, Credit Cards 1.4 (3.6%) million, Pre-Paid cards is 0.2 (0.6%) million and Social Welfare Cards is 8.9 (22.2%) million. During the Quarter under review, 142.7 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 80 % in volume and 85% in value of transactions, followed by the share of proprietary ATMs only Cards which contributed 11.3% in volume and 10.7% in value of transactions, rest of the transactions share were carried by Pre-paid and social welfare cards.
 5. During the quarter under review, 118.1 million transactions of value Rs.38.8 trillion were processed through Branch banking and paper-based instruments These transactions showed a quarterly growth of 0.4% in volume of transactions and a decline of 3.7% 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,2018	
Total Population ⁵	207.77 Million
Currency in Circulation ⁶	Rs. 4.1 Trillion
Number of Banks' Accounts ⁷	49,006,112

Payment Systems Infrastructure as on 31 st March,2018	
Number of Banks (Branches)	45 (14,850)
Commercial/ Specialized Banks (Branches)	13,789
Microfinance (Branches)	944
Overseas Banks Branches	117
Number of Real Time Online Branches (RTOBs)	14,710
Number of banks having ATM machines	32
Number of banks having POS machines	9
Number of banks providing Internet Banking services	26
Number of Banks providing Mobile Phone Banking services	20
Number of Banks providing Call Center Banking services	25
Total Number of PRISM System Participants	43
Total number of ATMs Interoperable Switches	2
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 March,2018 Monthly Statistical Bulletin, SBP publication

⁷ As on December, 2016 is used

Table-3: Payment Systems Infrastructure - Comparison

(Actual Numbers)

Number of:	Quarter-3 FY17	Quarter-4 FY17	Quarter-1 FY18	Quarter-2 FY18	Quarter-3 FY18 ^p
Commercial Banks	34	34	33	33	33
Microfinance Banks (MFBs)	11	11	11	11	11
Development Finance	8	8	8	8	8
PRISM Participants	42	42	41	41	43
Banks	32	32	31	31	32
MFBs	2	2	2	2	2
DFIs	7	7	7	7	8
Non-Bank	1	1	1	1	1
All Banks/ MFBs Branches	14,193	14,293	14,422	14,749	14,850
Real time Online Branches (RTOBs)	13,899	14,150	14,285	14,610	14,710
ATMs	12,515	12,689	12,963	13,409	13,835
On-site	10,330	10,478	10,602	10,933	11,227
Off-Site	2,181	2,207	2,357	2,472	2,603
Mobile	4	4	4	4	5
POS Machines	52,854	54,490	49,929	52,506	53,509
Registered Internet Banking	2,336,757	2,347,026	2,781,004	2,676,846	2,887,568
Registered Mobile Phone	1,671,741	2,484,044	2,712,344	2,885,816	3,114,418
Registered Call Centers/ IVR	17,743,455	22,840,210	23,940,609	25,289,208	25,739,284
E-Commerce Merchants Registered with Banks	496	571	812	905	1,023

Table-4: Composition of Payment Cards

(Actual Numbers)

Number of	Quarter-3 FY17	Quarter-4 FY17	Quarter-1 FY18	Quarter-2 FY18	Quarter-3 FY18p
Debit Cards	17,542,788	17,857,561	18,778,525	19,847,969	20,984,868
ATMs only Cards	7,727,967	8,043,044	8,224,719	8,385,281	8,528,797
Social Welfare Cards	10,239,238	9,124,363	9,201,476	9,500,938	8,897,960
Credit Cards	1,247,836	1,292,136	1,333,916	1,374,073	1,423,768
Pre-Paid Cards	341,075	315,865	248,689	253,144	236,018
Total	37,098,904	36,632,969	37,787,325	39,361,405	40,071,411

Table-5: Payment Systems Transactions - Summary

(Volume in Million & value in Billion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY17		FY17		FY18		FY18		FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PRISM System	0.3	69,780.4	0.4	85,378.8	0.4	88,080.2	0.4	93,625.4	0.4	90,082.7
E-Banking	162.0	9,343.5	177.4	10,418.8	171.8	9,107.0	186.9	11,691.2	196.2	11,945.5
RTOB	37.5	7,814.9	39.4	8,688.4	37.2	7,469.5	41.9	9,875.4	43.8	9,969.5
ATM	102.0	1,178.7	112.3	1,303.6	107.8	1,230.0	115.3	1,351.9	121.6	1,447.2
POS	13.9	64.1	14.9	67.9	15.2	66.0	16.4	73.4	15.8	76.7
Internet Banking	6.8	255.9	6.7	284.4	6.5	260.5	7.4	292.7	8.4	332.8
Mobile Phone Banking	1.4	25.4	3.5	69.0	4.1	73.9	5.0	91.7	5.9	112.8
Call Centers/ IVR Banking	0.1	2.1	0.1	2.3	0.1	2.3	0.1	2.3	0.1	2.1
E-Commerce	0.3	2.4	0.4	3.2	0.8	4.8	0.8	4.4	0.8	4.4
Paper-Based	108.0	33,904.6	119.2	40,466.0	118.8	37,381.7	117.6	40,276.0	118.1	38,776.1
Total	270.3	113,028.5	297.0	136,263.6	291.0	134,568.9	304.9	145,592.6	314.7	140,804.3

Table-6: PRISM Transactions

(Volume in thousand & value in Trillion-PKR)

Transaction Type	Quarter-3		Quarter-4		Quarter-1		Quarter-2		Quarter-3	
	FY17		FY17		FY18		FY18		FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Government Securities	16.5	46.7	16.9	60.9	15.6	62.9	16.1	69.1	15.0	62.9
Inter-Bank Fund Transfers	56.9	15.1	57.1	14.7	53	16.4	58.5	15.0	56.94	17.57
3rd Party Customer Transfers	164.8	4.7	272.3	5.7	267.8	5.3	328.3	6.0	359.03	6.01
NIFT Clearing Settlement	15.6	3.2	15.4	4.1	14.7	3.5	15.5	3.5	15.53	3.55
Total	253.8	69.8	361.6	85.4	351.1	88.1	418.3	93.6	446.5	90.1

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	
	FY17		FY17		FY18		FY18		FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash Deposits	18	1,749.50	17.1	1,882.20	17.4	1,735.30	19.5	1,930.6	20.0	2,029.0
Cash Withdrawals	8.4	653	8.7	693.4	8	666.2	8.7	738.4	9.2	778.2
Intra-Bank Funds Transfers	11.1	5,412.30	13.6	6,112.90	11.8	5,068.00	13.7	7,206.4	14.5	7,162.3
Total	37.5	7,814.8	39.4	8,688.5	37.2	7,469.5	41.9	9,875.4	43.8	9,969.5

Table-8: ATM Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18		Quarter-2 FY18		Quarter-3 FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash withdrawals	96.4	1,004.10	106.8	1,133.70	102.6	1,069.70	109.3	1,174.5	115.3	1,261.5
Intra-Bank	1.7	56.2	2.3	70.8	2.2	64.8	2.4	72.8	2.5	79.9
Inter-Bank Funds Transfers	2.6	115	1.9	94.2	1.8	88.9	2.0	99.4	2.0	100.2
Utilities Bill Payments	1.3	2	1.3	3	1.3	4.2	1.5	3.0	1.6	2.3
Cash/Instrument Deposits	0.1	1.3	0.1	1.9	0.1	2.2	0.1	2.1	0.1	3.2
Total	102	1,178.70	112.3	1,303.60	107.8	1,230.00	115.3	1,351.8	121.6	1,447.2

Table-9: Internet Banking Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18		Quarter-2 FY18		Quarter-3 FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	1.8	72.3	1.7	73.7	1.6	59.2	1.8	74.7	2.1	87.9
Inter-Bank	2.0	84.4	2.3	101.7	2.0	89.2	2.4	105.1	2.6	124.7
Utilities Bill Payments	2.5	3.6	2.1	6.8	2.3	6.8	2.6	6.2	3.0	7.7
Misc. Payment Through Internet	0.5	95.6	0.6	102.2	0.6	105.4	0.6	106.7	0.7	112.4
Total	6.8	255.9	6.7	284.4	6.5	260.6	7.4	292.7	8.4	332.8

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	
	FY17		FY17		FY17		FY18		FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	0.4	10.8	1	30.3	1.1	33.9	1.3	41.6	1.6	51.4
Inter-Bank	0.4	13	0.9	31.3	0.9	34	1.1	44.2	1.4	54.8
Utilities Bill Payments	0.6	0.4	1.5	4.6	2	2.6	2.3	2.2	2.7	2.3
Misc. Payment Through Mobile	0	1.2	0.1	2.8	0.2	3.4	0.2	3.8	0.2	4.4
Total	1.4	25.4	3.5	69	4.1	73.9	5.0	91.7	5.9	112.8

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	
	FY17		FY17		FY18		FY18		FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	1.4	0	6.3	0.2	6	0.2	7.7	0.2	6.1	0.2
Inter-Bank Funds Transfers	0.7	0	0.7	0	0.5	0	0.4	0.0	0.4	0.0
Utilities Bill Payments	15.3	0.1	27.2	0.2	27.9	0.3	21.1	0.1	17.4	0.2
Misc. Payment Through Call	49.5	1.9	44.5	1.8	45.1	1.8	48.1	1.9	44.2	1.7
Total	66.9	2.1	78.7	2.3	79.5	2.3	77.4	2.3	68.0	2.1

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	
	FY17		FY17		FY18		FY18		FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	13.0	123.0	15.5	159.1	13.4	135.1	15.3	154.8	16.0	168.2
Debit Cards	86.1	1,041.4	93.6	1,134.5	91.6	1,073.3	98.5	1,189.5	103.8	1,328.7
Credit Cards	0.0	0.4	0.1	0.5	0.1	0.5	0.1	0.6	0.7	3.5
Pre-Paid Cards	0.2	1.1	0.2	1.1	0.2	1.0	0.1	1.0	0.2	1.2
Social Welfare Cards	2.2	9.3	3.1	13.3	2.3	9.1	1.0	4.5	1.8	7.8
Total	101.5	1,175.2	112.4	1,308.4	107.5	1,219.1	115.1	1,350.4	122.5	1,509.4

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	
	FY17		FY17		FY18		FY18		FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	0.1	2.5	0.2	2.8	0.2	2.7	0.2	2.9	0.2	3.3
Debit Cards	7	28.2	7.8	31.2	8.3	32.6	9.3	36.6	9.8	37.7
Credit Cards	6	33.9	6.6	37.4	7.1	39.7	7.5	41.5	7.9	43.5
Pre-Paid Cards	0	0.1	0	0	0	0	0.0	0.0	0.0	0.1
Social Welfare Cards	0.4	1.9	0.6	2.5	0.4	1.5	0.1	0.3	0.3	1.1
Total	13.6	66.5	15.2	74.1	15.9	76.5	17.1	81.4	18.2	85.7

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	
	FY17		FY17		FY18		FY18		FY18 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Debit Cards	0.2	1.3	0.2	1.5	0.4	2	0.6	3.5	1.0	4.5
Credit Cards	0.5	4.3	0.5	4.5	0.8	5.6	0.8	5.3	0.9	6.2
Pre-Paid Cards	0.1	0.4	-	-	0.1	0.2	0.1	0.3	0.1	0.3
Total	0.8	6.1	0.8	6.0	1.3	7.9	1.5	9.1	2.0	11.0

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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