



# **Payment Systems Review**

July –September, 2017 (Quarter-1, FY18)

**Payment Systems Department**

## Payment Systems Review for 1<sup>st</sup> Quarter-FY18 (July-September, 2017)

A well functioning payment system infrastructure is essential in safeguarding financial stability and promoting economic activities in the economy. In Pakistan, National Payment Systems have undergone significant developments and transformation that created a positive outcome towards less-cash society and future economic growth.

The summarized position of the information collected from PRISM system, Commercial and Microfinance Banks is as follows:

**Table-1: Comparative Position of Payment Systems**

(Volume in Million and Value in Rs. Trillion)

Payment Systems	Quarter 1 - FY17		Quarter 4 - FY17		Quarter 1 – FY18 <sup>P1</sup> (Quarter under review)	
	Volume	Value	Volume	Value	Volume	Value
<b>PRISM</b>	0.2	66.2	0.4	85.4	0.4	88.1
<b>e-Banking</b>	135.5	8.1	177.4	10.4	171.8	9.1
<b>Paper-based</b>	111.2	31.4	119.2	40.5	118.8	37.4

Payment System highlights during Quarter -1, FY18 are as follows:

### **Pakistan Real Time Interbank Settlement Mechanism (PRISM) – RTGS**

PRISM is playing a key role in the financial infrastructure of the country. It has 41 Direct Participants comprising of 29 Commercial Banks, 2 Specialized Banks, 2 MFBs, 7 DFIs and one non-bank i.e. Central Depository Company. During the quarter under review, 0.4 million transactions amounting to Rs.88.1 trillion were processed by PRISM. As compared to the previous quarter, the value of these transactions grew by 3.2% and the volume of these transactions showed a quarterly decline of 2.9% compared to previous quarter. The share of 3<sup>rd</sup> Party Customers' transfer transactions has the highest share of 267.8 thousands (76.3%) in volume of transactions with value share Rs. 5.3 trillion (6.1%), the share of Government Securities trade transactions is 15.6 thousands (4.5%) in volume of transactions with value share Rs. 62.9 trillion (71.4%), Inter Bank Fund transfer transactions has the share of 53.0 thousands (15.1%) in volume of transactions with value share Rs. 16.4 trillion (18.6%) and the residuals share is contributed by NIFT' clearing settlement position.

<sup>1</sup> P is used for provisional

## **E-Banking**

As on 30<sup>th</sup> September, 2017 there were 44 banks with a total of 14,422 branches all over the country. The number of these Banks' branches depicted a quarterly growth of 0.9% compared to the previous quarter. Except 21 branches, all the branches in the country are providing real time online banking service. Digital (e-Banking) Channels i.e. RTOBs, ATM, POS, Mobile Phone Banking, Internet Banking, Call Centers/IVR Banking and eCommerce Channels processed 171.8 million transactions worth Rs.9.1 trillion during the quarter under review. The channels-wise position is described as below:-

- Real Time Online Banking (RTOB) processed 37.2 million transactions of worth Rs. 7.5 trillion, of which online cash deposits transactions has the highest share of 46.8% with value share of 23.2%, the share of real-time online intra-banks fund transfers is 31.8% in volume and 67.8% in value of transactions and online cash withdrawals contributed 21.4% and 8.9% share in volume and value of transaction respectively.
- As on end September 2017, the total number of Automated Teller Machines (ATMs) installed by 31 banks in the country reached to 12,963 from 12,689 which showed a quarterly growth of 2.2%. Out of these ATMs, 10,602 (81.8%) are On-site<sup>2</sup> ATMs; 2,357 (18.2%) are Off-Site<sup>3</sup> ATMs and 4 are Mobile<sup>4</sup> ATMs all over the country. These ATMs processed 107.8 million transactions worth Rs.1.2 trillion of which Cash withdrawals has the biggest share in the total ATMs' transactions. It contributed 102.6 million (95.1%) in volume of transactions with a value share of Rs. 1.1 trillion (87.0%). Rest of the transactions pertains to Intra and Inter-Bank Fund transfer, Utility Bill Payments, Cash/ Instrument deposit transactions etc. The average size of a single ATM transaction is Rs.11,405.
- There are 9 banks in Pakistan who acquire Point of Sale (POS) machines. Out of these banks, 3 banks are providing branch level cash withdrawals (providing cash through POS at branches) facility. During the quarter under review, 15.2 million transactions amounting Rs. 66.0 billion were processed at POS terminals.
- There are 24 banks in Pakistan offering financial services through Internet Banking to 2.8 million registered Internet Banking users in the country as on end September 2017. Internet Banking processed 6.5 million transactions worth Rs. 260.5 billion during the Quarter under review.

<sup>2</sup> On-site – ATM installed at the bank's branch

<sup>3</sup> Off-site – ATM installed at various area other than bank's branches

<sup>4</sup> Mobile – ATM installed in a vehicle

- Mobile Phone/App based Banking is being offered by 18 Banks/ MFBS to a total of 2.7 million registered Mobile Phone Banking users in the country. Mobile Phone Banking processed 4.1 million transactions amounting to Rs. 73.9 billion during the Quarter under review.
- Due to the rapid increase of Internet and Mobile Phone Banking in the country, the overall size of Call Centers/ IVR banking is being reduced. During the quarter under review, 79.5 thousand transactions value Rs. 2.3 million were processed by Call Centers/ IVR Banking.
- The number of local eCommerce merchants registered with banks reached to 812 from 571 in the last quarter - showed a quarterly growth of 42.2%. Consumers carried out 0.8 million online eCommerce transactions worth Rs. 4.8 billion through these registered E-Commerce Merchants during the quarter under review. These transactions depicted a significant quarterly growth of 100.6% in volume and 50.5% in value of transactions respectively. During the quarter under review, 1.3 million eCommerce transactions amounting to Rs. 7.9 billion were carried out across the globe using domestically issued Debt, Credit and Prepaid Cards.
- As on 30<sup>th</sup> September 2017, the number of total payment cards issued in Pakistan reached to 37.8 million from 36.6 million in the previous quarter showed a quarterly growth of 3.2%. Out of these cards, the numbers of reported Debit Cards in circulation were 18.8 million processed a total of 100.1 million (80.3%) transactions of value Rs. 1,106.4 billion (84.9%) transactions. The number of reported Credit Cards in circulation is 1.3 million processed 7.9 million (6.3 %) transactions of value Rs. 45.9 billion (3.5%) transactions. The remaining number of cards consists of ATMs only, Pre-Paid and Social Welfare Cards.
- During the quarter under review, 118.8 million transactions of worth Rs. 37.4 trillion were carried out using Paper-Based instruments i.e. over the counter cash deposits, Cheques, Pay orders, Demand Drafts etc. These transactions showed a quarterly decline of 0.3% in volume of transactions and 7.6% in value of transactions.

The overall trend of Payment Systems is appended on following pages.

**Table-2: Payment Systems in Pakistan – Snapshot**

Details as on 30 <sup>th</sup> September 2017	
<b>Total Population</b> <sup>5</sup>	207.77 Million
<b>Currency in Circulation</b> <sup>6</sup>	Rs. 3.8 Trillion
<b>Number of Banks' Accounts</b> <sup>7</sup>	49,006,112

Payment Systems Infrastructure as on 30 <sup>th</sup> September 2017	
Number of Banks (Branches)	44 (14,422)
Commercial/ Specialized Banks (Branches)	33 (13,532)
Microfinance (Branches)	11 (890)
Number of Real Time Online Branches (RTOBs)	14,285
Number of banks having ATM machines	31
Number of banks having POS machines	9
Number of banks providing Internet Banking services	24
Number of Banks providing Mobile Phone Banking services	18
Number of Banks providing Call Center Banking services	24
Total Number of PRISM System Participants	41
Total Number of eCommerce Merchants registered with Banks	812
Total Number of ATMs	12,963
Total number of ATMs Interoperable Switches	2
Total number of Cash Deposits Machines (CDMs)	55
Total number of POS Machines	49,929

<sup>5</sup> <http://www.pbscensus.gov.pk/>

<sup>6</sup> As on end September, 2017 Monthly Statistical Bulletin, SBP

<sup>7</sup> As on December, 2016 is used

**Table-3: Payment Systems Infrastructure - Comparison**

(Actual Numbers)

Number of	Quarter-1 FY17	Quarter-2 FY17	Quarter-3 FY17	Quarter-4 FY17	Quarter-1 FY18 <sup>P</sup>
Commercial Banks	34	34	34	34	33
Microfinance Banks (MFBs)	11	11	11	11	11
Development Finance	8	8	8	8	8
PRISM Participants	41	41	42	42	41
Banks	32	32	32	32	31
MFBs	1	1	2	2	2
DFIs	7	7	7	7	7
Non-Bank	1	1	1	1	1
All Banks/ MFBs Branches	13,792	14,219	14,193	14,293	14,422
Real time Online Branches (RTOB)	13,499	13,926	13,899	14,150	14,285
ATMs	11,803	12,352	12,515	12,689	12,963
On-site	9,853	10,227	10,330	10,478	10,602
Off-Site	1,945	2,120	2,181	2,207	2,357
Mobile	5	5	4	4	4
POS Machines	51,009	52,062	52,854	54,490	49,929
Registered Internet Banking	2,056,990	2,179,256	2,336,757	2,347,026	2,781,004
Registered Mobile Phone	1,252,962	1,510,212	1,671,741	2,484,044	2,712,344
Registered Call Centers/ IVR	19,879,605	20,600,153	17,743,455	22,840,210	23,940,609
Registered E-Merchants	344	398	496	571	812

**Table-4: Composition of Payment Cards**

(Actual Numbers)

Number of	Quarter-1 FY17	Quarter-2 FY17	Quarter-3 FY17	Quarter-4 FY17	Quarter-1 FY18 <sup>P</sup>
Debit Cards	17,473,270	17,470,297	17,542,788	17,857,56	18,778,525
ATMs only Cards	7,325,910	6,806,138	7,727,967	8,043,044	8,224,719
Social Welfare Cards	10,047,458	10,357,706	10,239,238	9,124,363	9,201,476
Credit Cards	1,211,582	1,208,763	1,247,836	1,292,136	1,333,916
Pre-Paid Cards	333,299	359,064	341,075	315,865	248,689
<b>Total</b>	<b>36,391,519</b>	<b>36,201,968</b>	<b>37,098,904</b>	<b>36,632,96</b>	<b>37,787,325</b>

**Table-5: Payment Systems Transactions - Summary**

(Volume in Million &amp; value in Billion-PKR)

Transaction Type	Quarter-1 FY17		Quarter-2 FY17		Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18 <sup>8p</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
	PRISM System	0.2	66,207.4	0.3	58,097.8	0.3	69,780.4	0.4	85,378.8	0.4
E-Banking	135.5	8,055.3	151.0	9,244.3	162.0	9,343.5	177.4	10,418.8	171.8	9,107.0
RTOB	31.0	6,760.0	35.5	7,863.2	37.5	7,814.9	39.4	8,688.4	37.2	7,469.5
ATM	89.1	1,015.3	94.3	1,064.7	102.0	1,178.7	112.3	1,303.6	107.8	1,230.0
POS	8.3	51.9	13.4	62.2	13.9	64.1	14.9	67.9	15.2	66.0
Internet Banking	5.6	203.9	6.1	224.5	6.8	255.9	6.7	284.4	6.5	260.5
Mobile Phone Banking	1.2	21.0	1.3	26.0	1.4	25.4	3.5	69.0	4.1	73.9
Call Centers/IVR Banking	0.1	1.6	0.1	1.7	0.1	2.1	0.1	2.3	0.1	2.3
E-Commerce	0.2	1.8	0.3	2.0	0.3	2.4	0.4	3.2	0.8	4.8
Paper-Based	111.2	31,419.0	113.4	33,801.0	108.0	33,904.6	119.2	40,466.0	118.8	37,381.7
<b>Total</b>	<b>246.9</b>	<b>105,681.7</b>	<b>264.7</b>	<b>101,143.1</b>	<b>270.3</b>	<b>113,028.5</b>	<b>297.0</b>	<b>136,263.6</b>	<b>291.0</b>	<b>134,568.9</b>

<sup>8</sup> P is used for provisional data

**Table-6: PRISM Transactions**

(Volume in thousand &amp; value in Trillion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY17		FY17		FY17		FY17		FY18 <sup>P</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Government Securities	16.0	45.2	14.5	36.8	16.5	46.7	16.9	60.9	15.6	62.9
Inter-Bank Fund Transfers	76.3	14.0	81.4	12.7	56.9	15.1	57.1	14.7	53.0	16.4
3 <sup>rd</sup> Party Customer Transfers	124.4	3.9	153.2	5.3	164.8	4.7	272.3	5.7	267.8	5.3
NIFT Clearing Settlement	14.0	3.1	15.4	3.3	15.6	3.2	15.4	4.1	14.7	3.5
<b>Total</b>	<b>230.7</b>	<b>66.2</b>	<b>264.6</b>	<b>58.1</b>	<b>253.8</b>	<b>69.8</b>	<b>361.6</b>	<b>85.4</b>	<b>351.1</b>	<b>88.1</b>

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

(Volume in Million &amp; Value in Billion-PKR)

Transaction Type	Quarter-1		Quarter-2		Quarter-3		Quarter-4		Quarter-1	
	FY17		FY17		FY17		FY17		FY18 <sup>P</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash Deposits	14.6	1,395.9	16.1	1,625.3	18.0	1,749.5	17.1	1,882.2	17.4	1,735.3
Cash Withdrawals	6.9	537.1	7.9	618.5	8.4	653.0	8.7	693.4	8.0	666.2
Intra-Bank Funds Transfers	9.5	4,826.9	11.5	5,619.3	11.1	5,412.3	13.6	6,112.9	11.8	5,068.0
<b>Total</b>	<b>31.0</b>	<b>6,760.0</b>	<b>35.5</b>	<b>7,863.2</b>	<b>37.5</b>	<b>7,814.9</b>	<b>39.4</b>	<b>8,688.4</b>	<b>37.2</b>	<b>7,469.5</b>



**Table-8: ATM Transactions**

(Volume in Million &amp; Value in Billion-PKR)

Transaction Type	Quarter-1 FY17		Quarter-2 FY17		Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18 <sup>P</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash withdrawals	83.1	842.6	89.0	899.8	96.4	1,004.1	106.8	1,133.7	102.6	1,069.7
Intra-Bank Fund Transfers	1.8	53.0	1.6	52.1	1.7	56.2	2.3	70.8	2.2	64.8
Inter-Bank Funds Transfers	2.6	114.7	2.4	109.2	2.6	115.0	1.9	94.2	1.8	88.9
Utilities Bill Payments	1.5	3.5	1.2	2.2	1.3	2.0	1.3	3.0	1.3	4.2
Cash/Instrument Deposits	0.1	1.4	0.1	1.3	0.1	1.3	0.1	1.9	0.1	2.2
<b>Total</b>	<b>89.1</b>	<b>1,015.3</b>	<b>94.3</b>	<b>1,064.7</b>	<b>102.0</b>	<b>1,178.7</b>	<b>112.3</b>	<b>1,303.6</b>	<b>107.8</b>	<b>1,230.0</b>

**Table-9: Internet Banking Transactions**

(Volume in Million &amp; Value in Billion-PKR)

Transaction Type	Quarter-1 FY17		Quarter-2 FY17		Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18 <sup>P</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	1.5	51.4	1.6	60.9	1.8	72.3	1.7	73.7	1.6	59.2
Inter-Bank Funds Transfers	1.5	56.6	1.7	67.4	2.0	84.4	2.3	101.7	2.0	89.2
Utilities Bill Payments	2.2	4.5	2.2	3.7	2.5	3.6	2.1	6.8	2.3	6.8
Misc. Payment Through Internet Banking	0.5	91.4	0.5	92.5	0.5	95.6	0.6	102.2	0.6	105.4
<b>Total</b>	<b>5.6</b>	<b>203.9</b>	<b>6.1</b>	<b>224.5</b>	<b>6.8</b>	<b>255.9</b>	<b>6.7</b>	<b>284.4</b>	<b>6.5</b>	<b>260.5</b>

**Table-10: Mobile Phone Banking Transactions**

(Volume in Million &amp; Value in Billion-PKR)

Transaction Type	Quarter-1 FY17		Quarter-2 FY17		Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18 <sup>P</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	0.3	8.9	0.4	10.0	0.4	10.8	1.0	30.3	1.1	33.9
Inter-Bank Funds Transfers	0.3	10.4	0.4	14.5	0.4	13.0	0.9	31.3	0.9	34.0
Utilities Bill Payments	0.5	0.5	0.5	0.4	0.6	0.4	1.5	4.6	2.0	2.6
Misc. Payment Through Mobile Phone Banking	0.0	1.1	0.0	1.1	0.0	1.2	0.1	2.8	0.2	3.4
<b>Total</b>	<b>1.2</b>	<b>21.0</b>	<b>1.3</b>	<b>26.0</b>	<b>1.4</b>	<b>25.4</b>	<b>3.5</b>	<b>69.0</b>	<b>4.1</b>	<b>73.9</b>

**Table-11: Call Center/ IVR Banking Transactions**

(Volume in Thousands &amp; Value in Billion-PKR)

Transactions Type	Quarter-1 FY17		Quarter-2 FY17		Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18 <sup>P</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	1.4	0.0	1.4	0.0	1.4	0.0	6.3	0.2	6.0	0.2
Inter-Bank Funds Transfers	0.6	0.0	0.8	0.0	0.7	0.0	0.7	0.0	0.5	0.0
Utilities Bill Payments	14.8	0.1	27.2	0.2	15.3	0.1	27.2	0.2	27.9	0.3
Misc. Payment Through Call Centers/IVR Banking	36.5	1.4	33.6	1.4	49.5	1.9	44.5	1.8	45.1	1.8
<b>Total</b>	<b>53.3</b>	<b>1.6</b>	<b>63.0</b>	<b>1.7</b>	<b>66.9</b>	<b>2.1</b>	<b>78.7</b>	<b>2.3</b>	<b>79.5</b>	<b>2.3</b>

**Table-12: ATM Transactions - By Payment Cards**

(Volume in Million &amp; Value in Billion-PKR)

Transaction Type	Quarter-1 FY17		Quarter-2 FY17		Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18 <sup>P</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	11.42	106.06	12.07	114.76	12.96	122.98	15.50	159.07	13.44	135.10
Debit Cards	76.24	901.20	79.36	940.66	86.14	1,041.44	93.61	1,134.47	91.59	1,073.29
Credit Cards	0.05	0.57	0.05	0.61	0.04	0.43	0.05	0.51	0.06	0.53
Pre-Paid Cards	0.13	0.90	0.17	1.15	0.16	1.12	0.16	1.06	0.15	1.04
Social Welfare Cards	1.03	4.03	3.00	11.97	2.20	9.25	3.05	13.28	2.27	9.13
<b>Total</b>	<b>88.87</b>	<b>1,012.76</b>	<b>94.65</b>	<b>1,069.16</b>	<b>101.51</b>	<b>1,175.22</b>	<b>112.37</b>	<b>1,308.40</b>	<b>107.52</b>	<b>1,219.09</b>

**Table-13: POS Transactions - By Payment Cards**

(Volume in Million &amp; Value in Billion-PKR)

Transaction Type	Quarter-1 FY17		Quarter-2 FY17		Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18 <sup>P</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	0.1	2.2	0.6	4.3	0.1	2.5	0.2	2.8	0.2	2.7
Debit Cards	5.4	24.9	5.9	24.2	7.0	28.2	7.8	31.2	8.3	32.6
Credit Cards	5.4	32.0	5.8	33.2	6.0	33.9	6.6	37.4	7.1	39.7
Pre-Paid Cards	0.0	0.2	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Social Welfare Cards	0.2	0.6	0.3	1.1	0.4	1.9	0.6	2.5	0.4	1.5
<b>Total</b>	<b>11.1</b>	<b>59.8</b>	<b>12.6</b>	<b>62.9</b>	<b>13.6</b>	<b>66.5</b>	<b>15.2</b>	<b>74.1</b>	<b>15.9</b>	<b>76.5</b>

**Table-14: E-Commerce Transactions by Cards**

(Volume in Million &amp; Value in Billion-PKR)

Transaction Type	Quarter-1 FY17		Quarter-2 FY17		Quarter-3 FY17		Quarter-4 FY17		Quarter-1 FY18 <sup>P</sup>	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Debit Cards	0.1	0.9	0.2	1.1	0.2	1.3	0.2	1.5	0.4	2.0
Credit Cards	0.3	3.6	0.3	2.6	0.5	4.3	0.5	4.5	0.8	5.6
Pre-Paid Cards	0.0	0.2	0.0	0.2	0.1	0.4	0.0	0.0	0.1	0.2
<b>Total</b>	<b>0.5</b>	<b>4.7</b>	<b>0.5</b>	<b>3.9</b>	<b>0.8</b>	<b>6.1</b>	<b>0.8</b>	<b>6.0</b>	<b>1.3</b>	<b>7.9</b>

**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 30<sup>th</sup> September, 2017. Whereas, figures w.r.t. volume and value of transactions are during the Quarter-1, FY18. 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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