



## External Relations Department

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ERD/M&PRD/PR/01/2020-125

December 3, 2020

### **Strong Growth in Digital Financial Transactions in the country in Q1 FY2020/21**

#### **Key Highlights**

- During Q1-FY21, the number of registered mobile phone banking users reached 8.9 million showing an increase of 41% over Q1-FY20 and the number of internet users of bank websites reached 4.3 million with a growth of 26% over the same period
- Mobile banking transactions increased to 36.4 million amounting to Rs. 908.7 billion, marking an increase of 139% by volume and 211% by value when compared with the same period last year
- Internet banking transactions increased to 18.9 million, valuing Rs. 1.1 trillion during Q1-FY21, registering a growth of 55% in volume and 89% in value, in comparison to the same period last year

The State Bank of Pakistan released its Quarterly Payment System Review (QPSR) for the first quarter, July – September 2020, of the fiscal year 2020-21 today, which shows strong growth in the pace of digital financial transactions in the country.

Promoting digital financial services is a key goal of the SBP. According to the data reported in the review, digital payment transactions in Pakistan have increased significantly during Q1-FY21, largely due to the impact of measures taken by SBP creating incentives for customers. Growth in digital payment infrastructure as well as emergence of new payment aggregators have also been a contributing factor in this growth. Moreover, it also reflects the changes in consumer's preference for digital transactions amid Covid19 situation.

According to the Q1-FY21 QPSR, 253.7 million e-Banking transactions were conducted by customers valuing Rs. 19 trillion. E-banking transactions comprise Real-Time Online Branches (RTOBs) Transactions, ATM Transactions, Internet Banking Transactions, Mobile Phone Banking Transactions, e-commerce, POS, and Call Center/ IVR Banking. Although, RTOB transactions have a major share of e-banking transactions in terms of value, about 80%, other types of transactions are more than 83% of the e-banking transactions in terms of volume. During Q1-FY21, the most promising uptake was seen in internet banking and mobile banking transactions as the number of registered mobile phone banking users reached 8.9 million showing an increase of 41% over Q1-FY20 and the number of internet users touched 4.3 million with a growth of 26% over the same period. Accordingly, the mobile banking transactions increased to 36.4 million amounting to Rs. 908.7 billion, marking an increase of 139% by volume and 211% by value when compared with the same period last year. Similarly, internet banking transactions increased to 18.9 million, valuing Rs. 1.1 trillion during Q1-FY21, registering a growth of 55% in volume and 89% in value, in comparison to the same period last year.

Another major avenue of e-banking transactions is through Point of Sale (POS), whereby people make transactions using credit or debit cards typically for shopping at markets. The number of transactions through POS machines that declined sharply during Q3 and Q4 of FY20, owing to the closure of markets amid Covid19, recovered significantly in Q1-FY21. The number of transactions through POS were recorded at 16.8 million amounting to Rs. 92.3 billion, showing an increase of 47% in terms of volume and 49% in value during Q1-FY21 over Q4-FY20. In addition to POS based transactions, card based



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transactions on e-commerce portals also followed a similar trend – a fall during Q3 and Q4 of FY20 due to Covid19 related decline in economic activity, and a recovery in Q1-FY21. Such transactions were recorded at 3.9 million, amounting to Rs. 11.9 billion in Q1-FY21, exhibiting strong growth of 70% by volume and 27% by value, when compared with the Q4-FY20. Nevertheless, a strong growth in e-commerce transactions can also be witnessed as the number of transactions and their value grew by 77% and 47% when compared with Q1-FY20.

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