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Digital payments adoption continues its journey on upward trajectory in FY21

The State Bank of Pakistan (SBP) released its Annual Payment Systems Review (PSR) for the fiscal year 2020-21 today, which shows strong growth in the space of digital financial transactions in the country. SBP continued its pursuit for the development of a robust and efficient payments ecosystem in Pakistan.

According to the PSR, transactions processed through SBP's large-value payments segment, known as Real-time Inter-Bank Settlement Mechanism (PRISM), recorded YoY growth of 60.0% by number of transactions (volume) and 12.8% by value. Similarly, overall e-Banking transactions registered YoY growth of 31.1% which highlights substantial increase in adaption of digital means for payments. This growth was spurred by major uptake in mobile banking (29% increase in the number of users, 133.6% and 178.7% increase in volume and value respectively) and internet banking (32% increase in the number of users, 65.1% and 91.7% increase in volume and value respectively). This promising growth was achieved on the back of 27 banks offering app-based banking along with other entities offering innovative payment solutions for accepting digital transactions.

During FY21, digital payments adoption for retail transactions continued to show an upward trend. Due to the active efforts of the SBP, the number of card accepting POS machines saw a growth of 47%. Transactions processed through POS machines reached as high as 88.8 million amounting to PKR 453.1 billion, showing YoY growth of 26.3% by volume and 24.4% by value of transactions. The same trend was reflected in e-commerce transactions as well. The number of e-commerce merchants reached 3,003 which shows double-digit growth of 76%. Consumers carried out 21.9 million online transactions worth PKR 60.6 billion on these locally registered e-Commerce Merchants during the year FY21 which amounts to significant YoY growth of 114.8% and 74.1% by volume and value of transactions respectively. These trends point toward healthy growth in fostering a more digitally integrated economy.

Similarly, on the card issuance side, as on end-June 2021, there were 45.9 million total cards in circulation that mainly comprised of Debit cards (65.0%), Social welfare cards (18.4%), ATM only cards (12.6%), Credit cards (3.7%), and Prepaid cards (0.3%). Collectively, these cards processed 708.7 million transactions amounting to PKR 8.4 trillion during FY2021. The number of debit cards at the end of FY 2021 has been 29.8 million, observing a YoY growth of 11.8% and annualized growth of 13.8% during the last 4 years. Transactions processed through ATMs also grew to 598.7 million with the total value of PKR 8.1 trillion. This amounts to growth of 16.9% by volume and 25.6% by value on YoY basis.

The country's core payment systems infrastructure remained operationally resilient. All channels of payment systems showed significant growth. SBP expects that going forward, the momentum of growth across all key areas of the digital payments ecosystem will continue to strengthen. Modernizing the country's payment system and infrastructure is a key priority, for which SBP will continue to work on providing an enabling regulatory environment. The complete report is available at weblink <https://www.sbp.org.pk/PS/PDF/FiscalYear-2020-21.pdf>
