

Payment Systems Review

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

PREPARED BY

**PAYMENT SYSTEMS POLICY AND OVERSIGHT DEPARTMENT
DIGITAL FINANCIAL SERVICES GROUP**



STATE BANK OF PAKISTAN

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Payment Systems Snapshot

Items	As on end Sep, 2021 ^P	As on end June, 2021	Growth
Population (Million) ¹	211.93 ^P	211.93 ^P	-
Currency in Circulation ² (PKR Trillion)	7.0	6.9	1%
Number of Bank Accounts ³	62,884,091	62,884,091	-
Number of Branchless Banking Accounts ⁴	72,406,011	74,620,637	-3%
Number of Banks (and their branches)	44 (16,457)	44 (16,308)	0% (1%)
Commercial/Specialized ⁵	33 (15,237)	33 (15,087)	0% (1%)
Microfinance	11 (1,220)	11 (1,221)	0% (1%)
Number of Banks having			
ATMs	35	35	0%
Point of Sale	9	9	0%
Internet Banking	28	28	0%
Mobile Phone Banking	27	27	0%
Call Center Banking	23	23	0%
CDMs	9	8	13%
PSOs/PSPs (Commercial License)	6	6	0%
EMIs (Commercial License)	2	-	100%
Number of			
PRISM Participants	56	54	4%
Registered e-Commerce Merchants	2,993	3,003	0%
ATMs	16,546	16,355	1%
Cash Deposits Machines (CDMs)	216	218	-1%
Cash Deposits Machines with Cash Withdrawal facility	23	20	15%
Multipurpose ATMs (With Cash & Cheque Deposit & Cash Withdrawal)	67	60	12%
POS Machines	79,134	71,907	10%
Payment Cards	46,203,292	45,936,349	1%

- Two EMIs, namely M/s Nayapay and M/s Finja were granted commercial license in first quarter of FY22.
- Number of PSOs/PSPs with the commercial license stood at six (6) during the same period.
- Number of POS machines reached 79,134 while the number of payment cards reached 46.2 million.
- e-banking volume and value grew by 12% and 16% respectively on Quarter-on-Quarter (QoQ) basis.
- The number of mobile banking users grew by 4% reaching a total of 11.3 million. Over 79 million transactions valuing around PKR 2.2 trillion were conducted via mobile banking channels showing growth of 29% by volume and 36% by value during the quarter.
- During the quarter ended Sept 2021, the number of internet banking users reached 7 million who registered quarterly growth of 31% who conducted 30 million transactions amounting to PKR 1.8 trillion.
- During the same quarter, 12.7 million ecommerce transactions amounting to PKR 22.3 billion were conducted digitally showing quarterly growth of 87% by volume and 21% by value.

¹ Population figures derived from Pakistan Bureau of Statistics – Gross Domestic Product of Pakistan for year 2020-21

² As on Sep 2021, Monthly Statistical Bulletin, SBP

³ As on June 2021, Monthly Statistical Bulletin, SBP

⁴ Retrieved from Quarterly Newsletter of Branchless Banking Statistics for the Quarter Jul-Sep 2021

⁵ Includes overseas branches



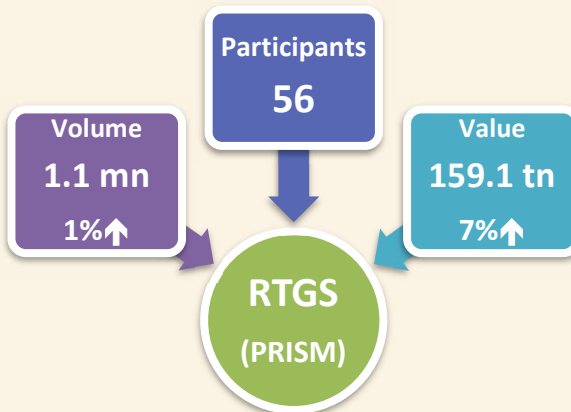
KEY STATISTICS

Quarterly Payment System Review - Q1 FY22

The percentages show unannualized Quarter-on-Quarter change.

e-Banking

- Volume
361.6 mn
12% ↑
- Value
27.2 tn
16% ↑



Paper based

- Volume 98.0 mn
5% ↑
- Value 41.6 tn
3% ↑



MOBILE BANKING

- Users
11.3mn 4% ↑
- Volume
79.1mn 29% ↑
- Value
2.2tn 36% ↑



INTERNET BANKING

- Users 6.9mn
31% ↑
- Volume
29.6mn 6% ↑
- Value 1.9tn
10% ↑



ATM

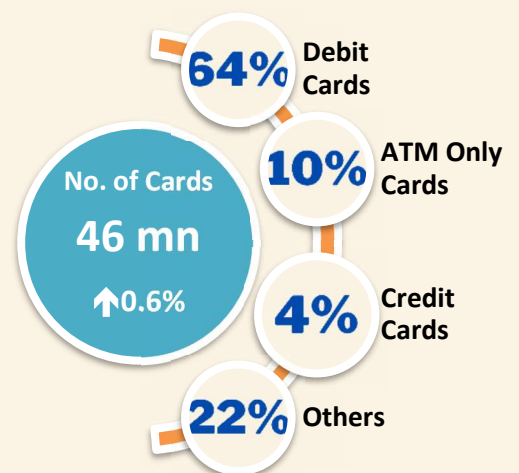
- Number of
ATMs
16,546 1% ↑
- Volume
163.7mn
4% ↑
- Value 2.2tn
1% ↓



- No. of POS Machines
79,134 10% ↑
- Volume 28.1mn 16% ↑
- Value 134.9bn 11% ↑

No. of e-Commerce Merchants

- 2,993 0.3% ↓
- Volume 12.7mn 87% ↑
- Value 22.3bn 21% ↑



Prepared by the State Bank of Pakistan

Payment Systems Review

State Bank of Pakistan collects and reports the data on Payment System infrastructure, instruments, and transactions, which illustrates the current state of the payments landscape of Pakistan, which is published on quarterly basis. In the first quarter of FY 2021-22, Pakistan's payment ecosystem continued to show signs of growth. The data presented in this review substantiates the finding that even as the pandemic slowed during the quarter under review, digitalization continued to follow the momentum gained in the preceding quarters.

The data and its analysis presented in this quarter's review will facilitate the readers to assess the growing trend in the usage of digital channels by offering data on the number of different variables. The data presented in the document is an aggregate of the overall payment systems data in Pakistan that has been gathered through a number of institutions including Banks, Microfinance Banks, Payment System Operators, and Payment Services Providers.

Transactions Data	During July-Sep 2021		During April-June 2021	
	Volume (mn)	Value (PKR bn)	Volume (mn)	Value (PKR bn)
PRISM	1.1	159,050.1	1.1	148,047.5
e-Banking (Total)	361.6	27,189.4	323.4	23,399.9
RTOB	48.4	20,816.4	45.3	17,767.5
ATM	163.7	2,158.8	157.8	2,177.6
POS	28.1	134.9	24.2	122.0
Internet Banking	29.6	1,894.1	28.0	1,720.7
Mobile Phone Banking	79.1	2,161.2	61.3	1,591.6
Call Centers/ IVR Banking	0.04	1.7	0.04	2.1
E-Commerce	12.7	22.3	6.8	18.4
Paper-Based	98.0	41,596.3	93.7	40,485.0
Total Transactions	460.7	227,835.8	418.2	211,932.4

Currently, State Bank of Pakistan is operating two payment systems: Pakistan Real-time Interbank Settlement Mechanism (PRISM) and Raast (Micropayment gateway). PRISM recorded a total of 1.1 million transactions amounting to PKR 159.1 trillion which is 7% higher than the preceding quarter.

The journey of migrating from a cash-intensive economy towards a digital economy continued as e-banking showed 12% growth volume-wise and 16% growth value-wise (as compared to the previous quarter). This uptake was majorly spurred by 11.3 million mobile banking users who registered growth of 29% by volume and 36% by value. Internet banking also contributed to the growth of e-Banking services by registering 31% growth in internet banking users who conducted 6% more transactions than previous quarter amounting to 10% increase in the value of these transactions.

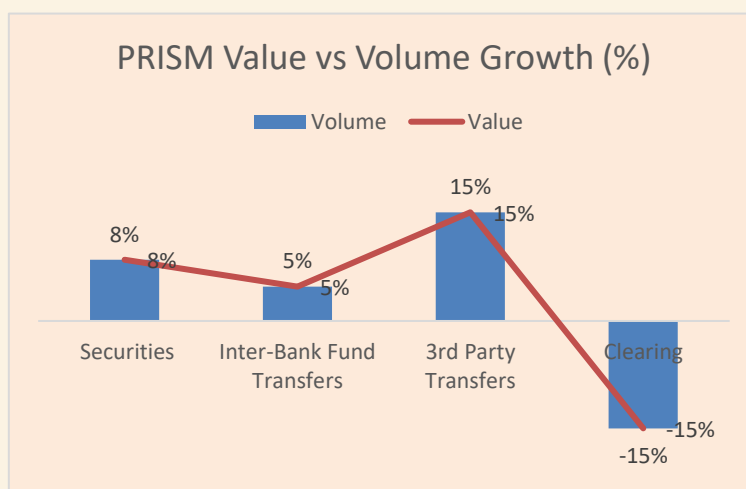


Figure 1: PRISM Value vs Volume Growth (%)

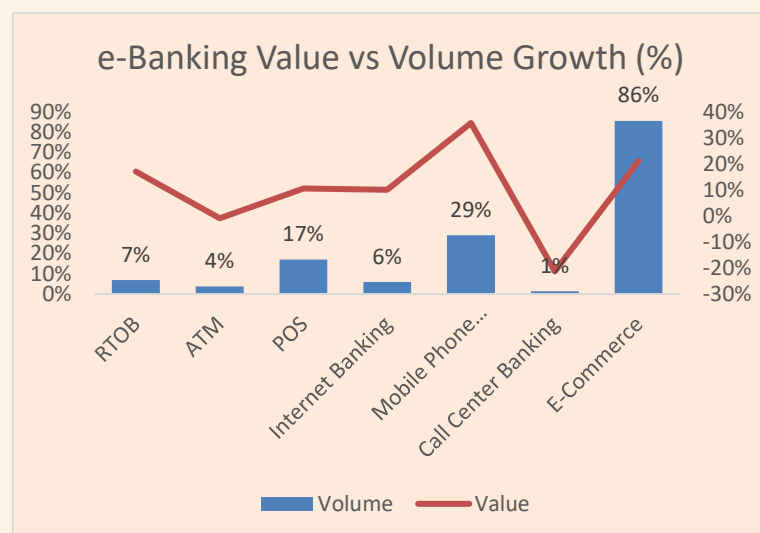


Figure 2: e-Banking Value vs Volume Growth (%)

Call Center/IVR banking showed a decline of 21% by value, even as its volume grew by 1%. This indicates that people are now graduating to other mediums i.e. internet and mobile banking. Digital adaption by merchants showed mixed signs of growth. Number of e-Commerce Merchants reduced to 2,993 from 3,003; however, the number of POS machines increased by 10% to 79,134. This can mainly be attributed to ease down of lockdown restrictions. As the brick-and-mortar stores opened up and the footfall in market gained momentum, the demand and usage of POS terminals has increased. The impact of the lower number of e-Commerce merchants however did not

translate in the transactions volume and value. e-Commerce transactions showed the highest growth i.e. 86% (by volume) amongst the whole e-banking landscape. Accordingly, the impact on overall e-banking of low growth in a couple of areas was subdued by higher growth in other key areas. The shift to digital during the peak of pandemic is likely to translate into a behavioral change. The ease and comfort enabled by e-commerce in specific has compelled a major chunk of consumer to stick with digital banking.

This growth was spurred by an increase in the number of payment cards. As of end-September 2021, there were 46.2 million total cards in circulation which mainly comprised of Debit cards (64%), Social welfare cards (22%), ATM only cards (10%), Credit cards (4%), and Prepaid cards (0.3%). During this quarter, an increase of 5% in volume of paper-based transactions and 3% increase in value of paper-based transactions was also observed which may be attributed to people returning to traditional channels (i.e. branches) as pandemic related restrictions were lifted.

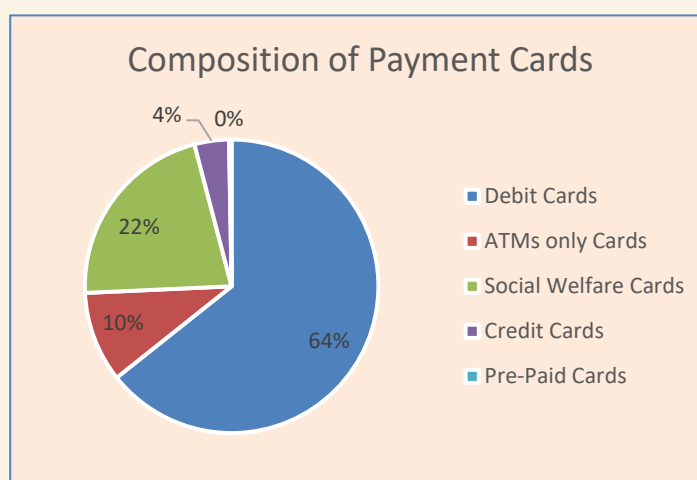


Figure 3: Composition of Payment Cards

The first quarter of FY 22 ushered the domestic fintech landscape into a new era whereby the first two Electronic Money Institutions (EMIs) were granted the commercial license. Back in 2019, State Bank of Pakistan had issued EMI regulations with the objective of increasing financial inclusion and encouraging the migration of the economy towards digitalization. As more EMIs enter the market, it is expected that innovative payment services would entice the traditionally unbanked population to come under the fold of the formal economy. Ultimately, this will contribute to fostering a more digitally integrated economy.

Annexure A: Quarterly Payment Systems Data

Quarterly Payment Systems Data is appended on following pages:

Table A-1: Payment Systems Infrastructure

Number of:	Q1-FY21	Q2-FY21	Q3-FY21	Q4-FY21	Q1-FY22 ^P
Commercial Banks	33	33	33	33	33
MFBs	11	11	11	11	11
DFIs	8	8	8	8	8
PRISM Participants	53	53	54	54	56
Banks	34	34	34	34	35
MFBs	6	6	7	7	8
DFIs	9	9	9	9	9
Non-Bank	1	1	1	1	1
Special Participants	3	3	3	3	3
All Banks/ MFBs Branches	16,121	16,304	16,223	16,308	16,457
RTOB Branches	15,978	16,165	16,081	16,170	16,321
Manual Branches	35	33	35	35	35
Overseas Branches	108	106	107	103	101
PSOs/PSPs	12	12	12	13	13
Commercial License	5	5	5	6	6
Pilot Approval	2	2	2	1	1
In-Principle Approval	5	5	5	6	6
EMIs	6	7	7	8	8
Commercial Launch	0	0	0	0	2
Pilot Approval	3	5	5	5	4
In-Principle Approval	3	2	2	3	2
ATMs	15,770	16,041	16,175	16,355	16,546
On-site	12,906	13,171	13,294	13,434	13,586
Off-Site	2,855	2,858	2,869	2,909	2,942
Mobile	9	12	12	12	18
POS Machines	52,924	62,480	67,099	71,907	79,134
Internet Banking Users	4,264,056	4,505,945	4,978,862	5,239,301	6,862,249
Mobile Phone Banking Users	8,963,055	9,383,243	9,857,602	10,872,844	11,326,984
Call Centers/ IVR Banking Users	31,895,372	32,046,130	32,861,262	33,436,122	34,224,117
e-Commerce Merchants Registered with Banks	2,164	2,411	2,523	3,003	2,993

Table A-2: Composition of Payment Cards

Transaction Type	Quarter-1 FY21	Quarter-2 FY21	Quarter-3 FY21	Quarter-4 FY21	Quarter-1 FY22 ^p
Debit Cards	26,670,759	27,591,577	28,582,140	29,849,278	29,714,882
ATMs only Cards	6,978,079	7,245,554	6,426,981	5,771,429	4,605,196
Social Welfare Cards	7,559,333	7,623,718	7,699,466	8,467,023	9,997,081
Credit Cards	1,639,115	1,691,037	1,687,815	1,720,949	1,758,130
Pre-Paid Cards	135,596	133,298	126,322	127,670	128,003
Total	42,982,882	44,285,184	44,522,724	45,936,349	46,203,292

Table A-3: Payment Systems Transactions – Summary

(Volume in Million & Value in PKR Billion)

Transaction Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PRISM System	1.0	92,246.2	1.0	94,910.0	1.1	109,370.5	1.1	148,047.5	1.1	159,050.1
E-Banking	253.7	19,124.4	296.7	21,474.7	309.5	22,483.4	323.4	23,399.9	361.6	27,189.4
RTOB	42.7	15,238.5	49.3	16,904.2	49.3	17,398.1	45.3	17,767.5	48.4	20,816.4
ATM	134.9	1,785.2	152.6	2,028.3	153.5	2,084.5	157.8	2,177.6	163.7	2,158.8
POS	16.8	92.3	23.1	115.0	24.9	123.8	24.2	122.0	28.1	134.9
Internet Banking	18.9	1,085.9	22.1	1,293.1	24.5	1,561.7	28.0	1,720.7	29.6	1,894.1
Mobile Phone Banking	36.4	908.7	44.0	1,117.0	51.7	1,297.9	61.3	1,591.6	79.1	2,161.2
Call Centers/ IVR Banking	0.1	1.9	0.0	2.0	0.0	2.1	0.0	2.1	0.04	1.7
E-Commerce	3.9	11.9	5.6	15.0	5.6	15.3	6.8	18.4	12.7	22.3
Paper-Based	97.1	36,238.2	104.8	37,234.0	100.2	37,657.9	93.7	40,485.0	98.0	41,596.3
Total	351.8	147,608.8	402.5	153,618.7	410.8	169,511.8	418.2	211,932.4	460.7	227,835.8

Table A-4: PRISM Transactions

(Volume in Thousand & value in Trillion-PKR)

Transaction Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Government Securities	18.6	60.1	18.1	59.8	18.8	74.2	21.2	108.7	21.6	117.7
Inter-Bank Fund Transfers	72.7	19.1	82.6	20.8	81.4	21.1	78.1	22.1	84.3	23.1
3rd Party Customer Transfers	866.5	9.3	909.7	10.3	953.3	10.1	950.3	11.8	958.7	13.6
Ancillary Clearing Settlement	14.6	3.7	15.8	4.0	15.0	3.9	14.6	5.4	14.5	4.6
Total	972.5	92.2	1,026.2	94.9	1,068.5	109.4	1,064.2	148.0	1,079.1	159.1

Table A-5: Real-Time Online Branches (RTOBs) Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash Deposits	19.8	3,184.9	23.4	3,591.4	23.4	3,705.8	20.3	3,574.2	21.5	3,902.0
Cash Withdrawals	9.2	1,311.5	10.7	1,563.6	10.6	1,726.4	9.7	1,555.8	10.3	1,761.9
Intra-Bank Funds Transfers	13.7	10,742.1	15.2	1,749.3	15.3	11,966.0	15.2	12,637.5	16.6	15,152.5
Total	42.7	15,238.5	49.3	16,904.2	49.3	17,398.1	45.3	17,767.5	48.4	20,816.4

Table A-6: ATM Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash withdrawals	129.8	1,603.8	147.2	1,827.6	148.0	1,885.8	152.2	1,975.2	158.7	1,976.7
Intra-Bank Fund Transfer	1.6	61.6	1.6	63.7	1.5	59.9	1.4	58.1	1.3	55.0
Inter-Bank Fund Transfers	2.0	102.9	2.2	112.1	2.2	106.0	2.4	113.7	2.3	111.0
Utilities Bill Payments	1.3	7.4	1.3	4.3	1.4	3.7	1.4	5.9	1.5	8.7
Cash/Instrument Deposits	0.1	9.3	0.3	20.5	0.3	29.0	0.3	24.5	0.1	7.3
Total	134.9	1,785.1	152.6	2,028.2	153.4	2,084.4	157.8	2,177.4	163.7	2,158.7

Table A-7: Internet Banking Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	6.5	407.9	7.8	488.2	8.6	559.3	9.8	628.8	10.4	720.7
Inter-Bank Fund Transfers	7.2	447.8	8.9	527.4	10.3	697.5	12.4	767.6	13.2	876.6
Utilities Bill Payments	3.7	63.5	4.2	99.3	4.4	144.6	4.6	157.0	4.8	124.7
Misc. Payment Through Internet Banking	1.5	166.7	1.1	178.1	1.1	160.3	1.2	167.2	1.3	172.2
Total	18.9	1,085.9	22.1	1,293.1	24.5	1,561.7	28.0	1,720.7	29.6	1,894.1

Table A-8: Mobile Banking Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	7.4	320.1	9.3	398.5	10.3	451.7	11.9	532.6	15.2	748.1
Inter-Bank Fund Transfers	14.2	426.9	18.8	550.5	24.0	684.1	29.5	854.5	42.1	1,153.2
Utilities Bill Payments	12.9	34.2	13.9	21.0	15.8	21.3	17.5	29.7	17.8	44.1
Misc. Payment Through Mobile Phone Banking	1.9	127.5	2.0	147.0	1.6	140.8	2.4	174.9	4.0	215.8
Total	36.4	908.7	44.0	1,117.0	51.7	1,297.9	61.3	1,591.6	79.1	2,161.2

Table A-9: Call Center/IVR Banking Transactions

(Volume in Thousands & Value in Billion-PKR)

Transactions Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	4.7	0.4	4.0	0.3	4.1	0.4	3.8	0.3	2.8	0.1
Inter-Bank Funds Transfers	0.3	0.0	0.2	0.0	0.2	0.0	0.1	0.0	0.1	0.0
Utilities Bill Payments	7.9	0.1	6.4	0.1	4.9	0.1	7.0	0.1	12.1	0.2
Misc. Payment Through Call Centers/IVR Banking	32.3	1.4	32.1	1.6	29.9	1.6	28.9	1.7	25.4	1.3
Total	45.2	1.9	42.6	2.0	38.9	2.1	39.9	2.1	40.4	1.7

Table A-10: ATM Transactions - By Payment Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	7.7	90.8	6.9	79.4	5.9	62.0	4.6	45.9	1.1	5.3
Debit Cards	125.8	1,690.2	138.0	1,873.2	139.9	1,941.6	143.3	2,022.8	153.8	2,082.2
Credit Cards	0.1	0.8	0.1	0.8	0.1	0.7	0.1	0.8	0.1	0.9
Pre-Paid Cards	0.1	0.5	0.1	0.5	0.1	0.4	0.1	0.4	0.1	0.4
Social Welfare Cards	0.2	0.7	0.6	1.8	0.2	0.6	0.4	1.1	0.4	1.3
Total	134.0	1,783.0	145.7	1,955.6	146.1	2,005.4	148.5	2,071.0	155.4	2,090.2

Table A-11: POS Transactions - By Payment Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	-	-	-	-	-	-	-	-	-	-
Debit Cards	13.2	53.1	16.2	70.7	17.8	74.0	17.4	72.6	22.6	84.3
Credit Cards	8.1	44.3	9.3	52.8	9.5	54.1	9.3	53.5	11.4	66.4
Pre-Paid Cards	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1
Social Welfare Cards	0.0	0.5	0.0	0.1	0.0	0.7	0.0	0.0	0.0	0.0
Total	21.3	98.0	25.5	123.7	27.3	128.8	26.7	126.2	34.1	150.7

Table A-12: e-Commerce Transactions - By Payment Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Quarter-1 FY21		Quarter-2 FY21		Quarter-3 FY21		Quarter-4 FY21		Quarter-1 FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Debit Cards	3.9	11.1	5.8	15.4	6.0	16.9	6.8	18.6	12.3	25.2
Credit Cards	2.2	12.9	2.8	16.4	2.8	16.2	3.2	16.8	4.1	21.4
Pre-Paid Cards	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Total	6.1	24.1	8.7	31.9	8.8	33.1	10.0	35.5	16.4	46.8

Annexure B: Acronyms

ATM	Auto Teller Machine
CDM	Cash Deposits Machine
CNP	Card Not Present
IVR	Interactive Voice Response
MFB	Microfinance Bank
MPG	Micropayment Gateway
NIFT	National Institutional Facilitation Technologies (Pvt.) Ltd
OTC	Over the Counter
PRISM	Pakistan Real-time Interbank Settlement Mechanism
PSD	Payment Systems Department
PSPOD	Payment Systems Policy and Oversight Department
DISD	Digital Innovation and Settlements Department
RTGS	Real-Time Gross Settlement System
RTOB	Real-time online Branches

Disclaimer

The statistics and statistical analysis are based on the data received from Commercial Banks and Microfinance Banks. Although a great deal of care has been taken to ensure the publication of correct information and data, however, SBP disclaims responsibility for errors and omissions. This Review is being published for the purpose of information and analysis of stakeholders. The difference may exist due to the reason that the data of ATMs and POS is based on reporting of the acquiring banks, whereas Card-wise data of the same channels is based on the reporting of the card-issuing banks. 'P' is used for Provisional. There may be minor differences due to rounding-off of numbers and in some places use of full figures in percentage shares and growth rates.

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