



Payment Systems Quarterly

October – December 2020 (Quarter-2, FY21)

Payment Systems Department

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Payment Systems Review for Quarter 2 – FY21 (October – December 2020)

1. Payment Systems Snapshot

Digital means of Banking have been gaining popularity in Pakistan; these are alternatives for faster delivery of banking services to a wide range of customers. The Payment Systems in Pakistan consist of three major areas:

- The **Large-Value Payment System (LVPS)** “PRISM¹” owned and operated by SBP, enables the transfer and settlement of high value interbank funds.
- e-Banking**, which includes channels like Real Time Online Branches (RTOBs), Automated Teller Machines (ATMs), Point of Sales (POS), Internet Banking, Mobile Phone Banking, Call Centers/IVR Banking and e-Commerce.
- Paper Based**, which include instruments such as Cheques, Deposit Slips, and other paper based methods.

A brief summary of comparative position of Payment Systems is as under:

Table-1: Comparative Summary of Payment Systems

(Volume in Million & Value in Billion-PKR)

Payment Systems	Quarter 1 – FY21		Quarter 2 – FY21 (Quarter Under Review) ^P		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
PRISM	1.0	92,246.2	1.0*	94,910.0	3%	3%
e-Banking	253.7	19,124.4	296.7	21,474.7	17%	12%
Paper based	97.1	36,238.2	104.8	37,234.0	8%	3%
Total	351.8	147,608.8	402.5	153,618.7	14%	4%

^P is used for Provisional

The country's total Payment transactions increased by 14% in volume and 4% in value when compared to the previous quarter. The transaction value for PRISM increased from 92.2 Trillion PKR in the previous quarter to 94.9 Trillion PKR in the current quarter showing a growth of 3%. The overall use of e-Banking channels has seen an increase of 17% in volume and 12% in value over the previous quarter. Paper based transactions have also seen an increase from the previous quarters, which can be inferred from easing down of lockdown amid the COVID-19 pandemic.

*1.03 Million Transactions – More details can be found in Table 6

¹ Pakistan Real-time Interbank Settlement Mechanism (PRISM) – more details can be found at

<https://www.sbp.org.pk/psd/prism.htm>

2. Payment Systems Infrastructure

Commercial Banks in Pakistan are expanding their infrastructure for supporting e-Payments due to SBP's enabling policies. As on quarter-end, there are 16,304 bank branches reported by the Banks/MFBs. Out of which 106 are overseas branches. All branches, except 33, are providing online banking services to their customers. There are 16,041 ATMs and 62,480 POS machines in the country.

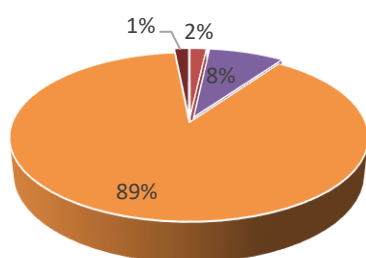
Number of:	Quarter-2 FY20	Quarter-3 FY20	Quarter-4 FY20	Quarter-1 FY21	Quarter-2 FY21 ^p
Commercial Banks	33	33	33	33	33
MFBs	11	11	11	11	11
DFIs	8	8	8	8	8
PRISM Participants	50	50	50	50	50
<i>Banks</i>	34	34	34	34	34
<i>MFBs</i>	6	6	6	6	6
<i>DFIs</i>	9	9	9	9	9
<i>Non-Bank</i>	1	1	1	1	1
All Banks/ MFBs Branches	16,076	16,069	16,067	16,121	16,304
<i>RTOB Branches</i>	15,930	15,947	15,922	15,978	16,165
<i>Manual Branches</i>	33	33	33	35	33
<i>Overseas Branches</i>	113	89	112	108	106
ATMs	15,252	15,559	15,612	15,770	16,041
<i>On-site</i>	12,446	12,694	12,759	12,906	13,171
<i>Off-Site</i>	2,802	2,859	2,847	2,855	2,858
<i>Mobile</i>	4	6	6	9	12
POS Machines	47,567	48,763	49,067	52,924	62,480
Internet Banking Users	3,567,266	3,814,147	3,983,235	4,264,056	4,505,945
Mobile Phone Banking Users	7,358,548	8,188,103	8,451,997	8,963,055	9,383,243
Call Centers/ IVR Banking Users	31,563,235	32,241,060	32,322,973	31,895,372	32,046,130
E-Commerce Merchants Registered with Banks	1,481	1,559	1,707	2,164	2,411

3. Payment Systems Transactions – Key Insights

- A. PRISM has 50 Direct Participants, which include Commercial Banks, MFBs, DFIs and Central Depository Company (CDC)². During the quarter under review, PRISM processed around one million transactions valuing 94.9 trillion PKR. These transactions showed a quarterly increase of 3% by value.

In addition to the inter-bank funds transfers (settlement transactions between participating institutions), PRISM also facilitates customer transfers which accounts for the largest share of 89% in the total volume. Government securities transfer facility has the largest share of 63% in terms of value of transactions as at end quarter under review.

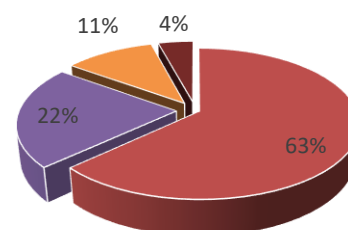
PRISM Transactions - Volume



■ Government Securities ■ Inter-Bank Fund Transfers
 ■ 3rd Party Customer Transfers ■ Ancillary Clearing Settlement

Figure 1 PRISM Transactions - Volume

PRISM Transactions - Value

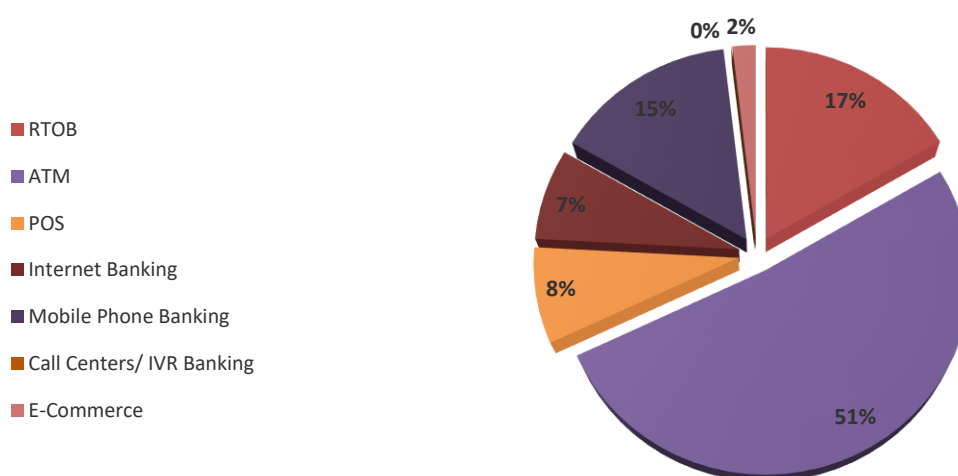


■ Government Securities ■ Inter-Bank Fund Transfers
 ■ 3rd Party Customer Transfers ■ Ancillary Clearing Settlement

Figure 2 PRISM Transactions - Value

- B. During the quarter under review, e-Banking channels i.e. RTOBs, ATM, POS, e-Commerce, Banking through Mobile Phone, and Internet and Call Centers altogether processed 296.7 million transactions of value Rs.21.4 trillion. ATMs processed the majority chunk with 51% transactions.

E-Banking Transactions (Volume) - Percentage Share

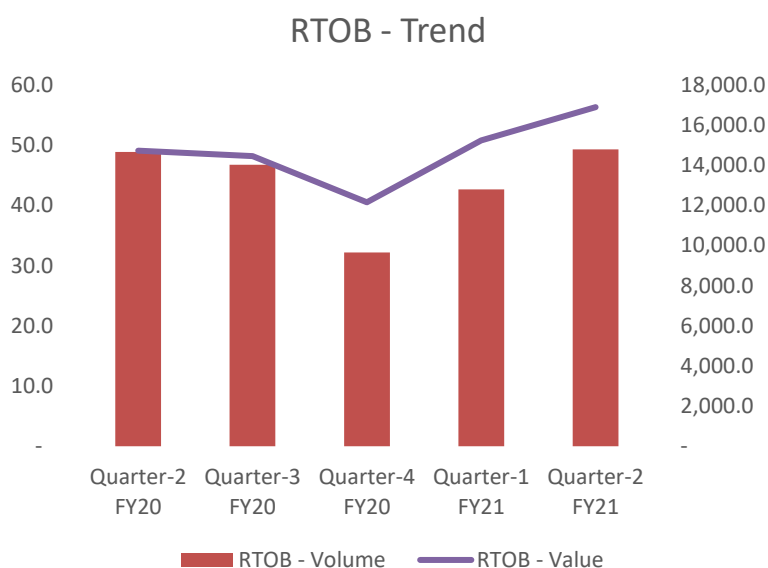


■ RTOB
 ■ ATM
 ■ POS
 ■ Internet Banking
 ■ Mobile Phone Banking
 ■ Call Centers/ IVR Banking
 ■ E-Commerce

Figure 3 E-Banking Transactions (Volume) - Percentage Share

²<http://cdcpakistan.com/>

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



i. The RTOBs altogether processed 49.3 million transactions of value Rs.16.9 trillion PKR.

Figure 4 RTOB – Trend (RTOB Value on Secondary Axis)

ii. Banks/MFBs deployed 271 new ATMs, reaching the total number of ATMs in the country to 16,041 at quarter-end; these ATMs collectively processed 152.7 million transactions valuing around 2 trillion PKR. Despite the availability of other banking facilities on ATM, ATMs still are mostly used for cash withdrawals in the country. In total, cash withdrawals through ATMs has the highest share of 96% by volume. Further, during the quarter under review, the number of POS machines increased to 62,480, accounting for an increase of 18%.

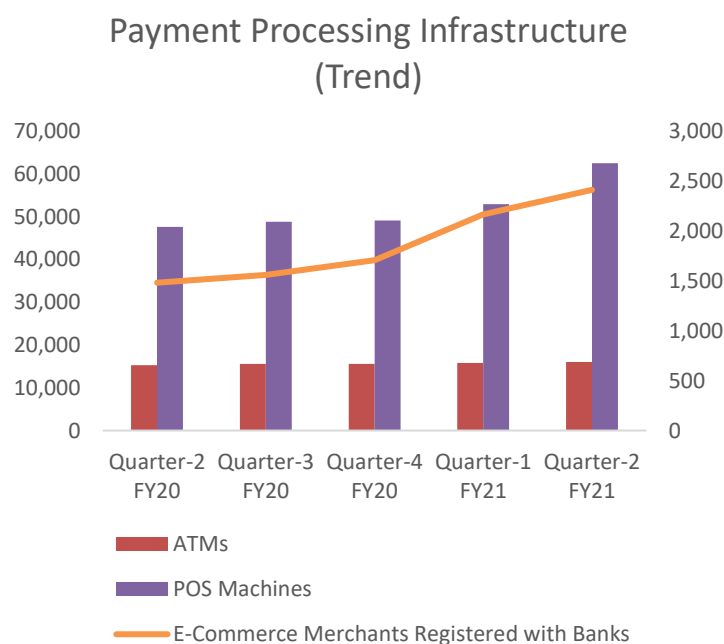
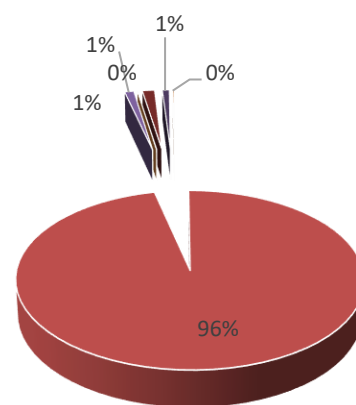


Figure 5 Payment Processing Infrastructure (Trend) (E-Commerce Merchants on Secondary Axis)

ATM Transactional Share (%)

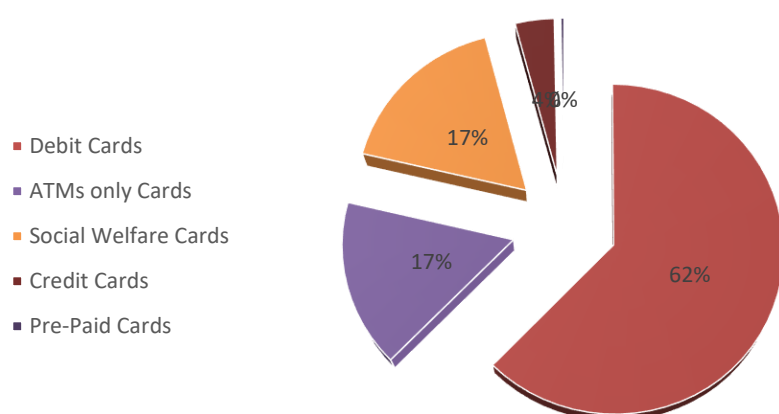


■ Cash withdrawals ■ Intra-Bank Fund Transfer
 ■ Fund Transfers ■ Inter-Bank Fund Transfers
 ■ Utilities Bill Payments ■ Cash/Instrument Deposits

Figure 6 ATM Transactional Share (%)

- iii. The number of registered Mobile Phone Banking users reached 9.3 million, which is an increase of 5% from last Quarter. The increase in transactions through internet and mobile banking channels have been quite promising, as these channels have provided an easy and round-the-clock alternative to its customers during the COVID-19 pandemic to fulfil their daily financial and banking needs. It is expected that the increasing trend will continue in the next quarter, due to the steps taken by State Bank of Pakistan to promote digitization during these difficult times.
- iv. The call center/IVR banking user-base was reported to be at around 32 million. During the quarter under review, Call Centers/ IVR Banking processed 2 billion PKR through approximately 42 thousand transactions.
- v. As on quarter-end, the number of e-Commerce Merchants registered with banks rose to 2,411 accounting for 11% increase. These merchants processed valuing Rs.15 billion during the quarter under review.

Composition of Payment Cards



D. As on December 31, 2020, the total number of payment cards issued in Pakistan increased to 44.2 million up from 43 million last quarter. Almost 62% of these cards are Debit Cards.

Figure 7 Composition of Payment Cards

- E. During the quarter under review, 104.7 million transactions of value 37.2 trillion PKR were processed through paper-based instruments.

The Statistical Data of Payment Systems is appended on following pages.

4. Payment Systems Dataset

Table-2: Payment Systems in Pakistan – Snapshot

Details as on December 31, 2020	
Total Population³	208.31 million
Currency in Circulation⁴ (in million PKR)	6,543,806
Number of Banks' Accounts⁵	59,910,511

Payment Systems Infrastructure as on December 31, 2020	
Number of Banks (Branches)	44(16,304)
Commercial/ Specialized Banks Branches	15,096
Microfinance (Branches)	1,208
Number of Real Time Online Branches (RTOBs)	16,165
Number of banks having ATM machines	35
Number of banks having open-looped POS machines	5
Number of banks having closed-looped POS machines	4
Number of banks providing Internet Banking services	27
Number of Banks providing Mobile Phone Banking services	27
Number of Banks providing Call Center Banking services	23
Total Number of PRISM System Participants	50
Total number of ATMs Interoperable Switches	1
Total number of Cash & Cheque Deposits Machines (CDMs)	225
Total number of Cash Deposits Machines with Cash Withdrawal facility	20
Multipurpose ATMs (With Cash & Cheque Deposit & Cash Withdrawal)	15

³<http://www.pbs.gov.pk/content/table-4-gross-domestic-product-pakistan-current-basic-prices> (position as of June 30, 2020)

⁴ As on end September, 2020 Monthly Statistical Bulletin, SBP publication

⁵ As on June, 2020 is used from Monthly Statistical Bulletin, SBP publication

Table-3: Payment Systems Infrastructure– Comparison*(Actual Numbers)*

Number of:	Quarter-2	Quarter-3	Quarter-4	Quarter-1	Quarter-2
	FY20	FY20	FY20	FY21	FY21 ^P
Commercial Banks	33	33	33	33	33
MFBs	11	11	11	11	11
DFIs	8	8	8	8	8
PRISM Participants	50	50	50	50	50
<i>Banks</i>	34	34	34	34	34
<i>MFBs</i>	6	6	6	6	6
<i>DFIs</i>	9	9	9	9	9
<i>Non-Bank</i>	1	1	1	1	1
All Banks/ MFBs Branches	16,076	16,069	16,067	16,121	16,304
<i>RTOB Branches</i>	15,930	15,947	15,922	15,978	16,165
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POS Machines	47,567	48,763	49,067	52,924	62,480
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Call Centers/ IVR Banking Users	31,563,235	32,241,060	32,322,973	31,895,372	32,046,130
E-Commerce Merchants Registered with Banks	1,481	1,559	1,707	2,164	2,411

Table-4: Composition of Payment Cards*(Actual Numbers)*

Number of:	Quarter-2	Quarter-3	Quarter-4	Quarter-1	Quarter-2
	FY20	FY20	FY20	FY21	FY21 ^P
Debit Cards	26,440,418	26,519,480	26,698,046	26,670,759	27,591,577
ATMs only Cards	7,650,190	7,541,264	6,943,385	6,978,079	7,245,554
Social Welfare Cards	6,180,044	7,365,773	7,383,380	7,559,333	7,623,718
Credit Cards	1,643,903	1,663,286	1,655,030	1,639,115	1,691,037
Pre-Paid Cards	168,188	139,521	134,586	135,596	133,298
Total	42,082,743	43,229,324	42,814,427	42,982,882	44,285,184

Table-5: Payment Systems Transactions–Summary*(Volume in Million & Value in Billion-PKR)*

Transaction Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PRISM System	0.6	97,020.8	0.7	95,104.9	0.7	90,996.8	1.0	92,246.2	1.0	94,910.0
E-Banking	239.2	17,628.6	236.1	17,467.1	206.5	15,276.4	253.7	19,124.4	296.7	21,474.7
<i>RTOB</i>	48.9	14,731.6	46.8	14,456.9	32.2	12,161.7	42.7	15,238.5	49.3	16,904.2
<i>ATM</i>	135.7	1,658.7	131.6	1,681.8	114.9	1,525.6	134.9	1,785.2	152.6	2,028.3
<i>POS</i>	20.5	107.5	19.5	102.5	11.4	61.9	16.8	92.3	23.1	115.0
<i>Internet Banking</i>	13.3	736.0	14.1	748.1	17.0	894.2	18.9	1,085.9	22.1	1,293.1
<i>Mobile Phone Banking</i>	17.8	382.5	21.2	467.5	28.6	621.8	36.4	908.7	44.0	1,117.0
<i>Call Centers/ IVR Banking</i>	0.1	2.1	0.1	3.2	0.1	1.8	0.1	1.9	0.0*	2.0
<i>E-Commerce</i>	2.9	10.2	2.8	7.1	2.3	9.4	3.9	11.9	5.6	15.0
Paper-Based	121.5	35,097.2	109.3	32,616.0	78.5	29,864.3	97.1	36,238.2	104.8	37,234.0
Total	361.3	149,746.6	346.1	145,188.0	285.7	136,137.6	351.8	147,608.8	402.5	153,618.7

*42,600 were recorded in Call Centers/ IVR Banking

Table-6: PRISM Transactions*(Volume in Thousands & Value in Trillion-PKR)*

Transaction Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Government Securities	21.3	62.9	23.2	62.7	18.8	59.4	18.6	60.1	18.1	59.8
Inter-Bank Fund Transfers	78.3	20.8	77.6	20.1	61.5	18.3	72.7	19.1	82.6	20.8
3rd Party Customer Transfers	527.7	9.4	546.3	8.5	622.4	8.8	866.5	9.3	909.7	10.3
Ancillary Clearing Settlement	15.9	4.0	15.0	3.8	13.5	4.2	14.6	3.7	15.8	4.0
Total	643.2	97.0	662.1	95.1	716.2	90.9	972.5	92.2	1,026.2	94.9

Table-7: Real-Time Online Branches (RTOBs) Transactions*(Volume in Million & Value in Billion-PKR)*

Transaction Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash Deposits	24.5	3,118.6	22.5	2,992.0	14.3	2,305.8	19.8	3,184.9	23.4	3,591.4
Cash Withdrawals	10.0	1,234.2	9.9	1,234.4	7.1	930.9	9.2	1,311.5	10.7	1,563.6
Intra-Bank Funds Transfers	14.5	10,378.8	14.4	10,230.6	10.8	8,925.0	13.7	10,742.1	15.2	11,749.3
Total	48.9	14,731.6	46.8	14,456.9	32.2	12,161.7	42.7	15,238.5	49.3	16,904.2

Table-8: ATM Transactions*(Volume in Million & Value in Billion-PKR)*

Transaction Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash withdrawals	130.6	1,499.2	126.8	1,533.1	110.7	1,382.4	129.8	1,603.8	147.2	1,827.6
Intra-Bank Fund Transfer Fund Transfers	1.8	62.8	1.7	60.6	1.1	45.9	1.6	61.6	1.6	63.7
Inter-Bank Fund Transfers	1.7	85.5	1.5	78.4	1.8	85.3	2.0	102.9	2.2	112.1
Utilities Bill Payments	1.5	5.0	1.4	2.6	1.1	3.4	1.3	7.4	1.3	4.3
Cash/Instrument Deposits	0.1	6.1	0.1	7.0	0.1	8.4	0.1	9.3	0.3	20.5
Total	135.7	1,658.7	131.6	1,681.6	114.9	1,525.6	134.9	1,785.1	152.6	2,028.2

Table-9: Internet Banking Transactions*(Volume in Million & Value in Billion-PKR)*

Transaction Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	5.3	302.0	5.9	319.7	6.3	368.0	6.5	407.9	7.8	488.2
Inter-Bank Fund Transfers Funds Transfers	4.1	249.3	4.1	251.5	5.9	342.6	7.2	447.8	8.9	527.4
Utilities Bill Payments	3.0	30.6	3.4	55.0	4.0	37.4	3.7	63.5	4.2	99.3
Misc. Payment Through Internet Banking	0.8	154.1	0.8	121.9	0.8	146.3	1.5	166.7	1.1	178.1
Total	13.3	736.0	14.1	748.1	17.0	894.2	18.9	1,085.9	22.1	1,293.1

Table-10: Mobile Phone Banking Transactions*(Volume in Million & Value in Billion-PKR)*

Transaction Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	4.9	167.9	5.5	206.1	5.7	234.0	7.4	320.1	9.3	398.5
Inter-Bank Fund Transfers Funds Transfers	4.3	154.9	5.5	192.8	10.0	300.5	14.2	426.9	18.8	550.5
Utilities Bill Payments	7.4	8.8	8.7	9.4	11.6	14.4	12.9	34.2	13.9	21.0
Misc. Payment Through Mobile Phone Banking	1.2	50.9	1.4	59.3	1.3	72.8	1.9	127.5	2.0	147.0
Total	17.8	382.5	21.2	467.5	28.6	621.8	36.4	908.7	44.0	1,117.0

Table-11: Call Center/ IVR Banking Transactions*(Volume in Thousands & Value in Billion-PKR)*

Transactions Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	5.4	0.3	5.5	0.4	6.6	0.4	4.7	0.4	4.0	0.3
Inter-Bank Funds Transfers	0.3	-	0.2	-	0.2	-	0.3	-	0.2	0.0
Utilities Bill Payments	6.2	0.1	5.4	0.1	6.1	0.1	7.9	0.1	6.4	0.1
Misc. Payment Through Call Centers/IVR Banking	37.3	1.6	35.5	2.7	36.1	1.3	32.3	1.4	32.1	1.6
Total	49.2	2.1	46.6	3.2	49.1	1.8	45.2	1.9	42.6	2.0

Table-12: ATM Transactions - By Payment Cards*(Volume in Million & Value in Billion-PKR)*

Transaction Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	13.0	141.3	10.6	117.0	7.7	90.0	7.7	90.8	6.9	79.4
Debit Cards	121.3	1,507.4	120.5	1,560.4	100.2	1,374.5	125.8	1,690.2	138.0	1,873.2
Credit Cards	0.1	0.8	0.1	0.9	0.1	0.6	0.1	0.8	0.1	0.8
Pre-Paid Cards	0.1	0.7	0.1	0.6	0.1	0.5	0.1	0.5	0.1	0.5
Social Welfare Cards	0.3	1.2	0.4	1.8	0.2	1.1	0.2	0.7	0.6	1.8
Total	134.8	1,651.3	131.6	1,680.6	108.3	1,466.6	134.0	1,783.0	145.7	1,955.6

Table-13: POS Transactions - By Payment Cards*(Volume in Million & Value in Billion-PKR)*

Transaction Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	-	0.3	-	1.1	-	-	-	-	-	-
Debit Cards	13.9	56.4	13.1	53.3	8.3	34.2	13.2	53.1	16.2	70.7
Credit Cards	9.8	56.8	9.1	52.7	5.8	32.9	8.1	44.3	9.3	52.8
Pre-Paid Cards	-	-	-	-	0.0	0.1	0.0	0.1	0.0	0.1
Social Welfare Cards	-	0.1	-	0.1	0.0	0.0	0.0	0.5	0.0	0.1
Total	23.8	113.7	22.3	107.3	14.1	67.2	21.3	98.0	25.5	123.7

Table-14: E-Commerce Transactions by Cards*(Volume in Million & Value in Billion-PKR)*

Transaction Type	Quarter-2		Quarter-3		Quarter-4		Quarter-1		Quarter-2	
	FY20		FY20		FY20		FY21		FY21 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Debit Cards	3.0	9.5	2.7	8.5	2.9	8.4	3.9	11.1	5.8	15.4
Credit Cards	2.3	13.3	2.1	11.7	1.7	8.4	2.2	12.9	2.8	16.4
Pre-Paid Cards	0.1	0.2	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Total	5.4	23.0	4.9	20.3	4.6	16.9	6.1	24.1	8.7	31.9

Acronyms

ATM	Auto Teller Machine
CDM	Cash Deposits Machine
CNP	Card not Present
DFI	Development Finance Institutions
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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