

Payment Systems Review

FOR THE QUARTER ENDED DECEMBER 31, 2021

PREPARED BY

PAYMENT SYSTEMS POLICY AND OVERSIGHT DEPARTMENT

DIGITAL FINANCIAL SERVICES GROUP

STATE BANK OF PAKISTAN



Table of Contents

<i>Payment Systems Snapshot</i>	<i>3</i>
<i>Payment Systems Review</i>	<i>5</i>
<i>Annexure A: Quarterly Payment Systems Data.....</i>	<i>7</i>
Table A-1: Payment Systems Infrastructure.....	7
Table A-2: Composition of Payment Cards.....	8
Table A-3: Payment Systems Transactions – Summary.....	8
Table A-4: PRISM Transactions.....	9
Table A-5: Real-Time Online Branches (RTOBs) Transactions.....	9
Table A-6: ATM Transactions	10
Table A-7: Internet Banking Transactions	10
Table A-8: Mobile Banking Transactions.....	11
Table A-9: Call Center/IVR Banking Transactions	11
Table A-10: ATM Transactions - By Payment Cards	12
Table A-11: POS Transactions - By Payment Cards	12
Table A-12: e-Commerce Transactions - By Payment Cards	13
Table A-13: Branchless Banking	13
<i>Annexure B: Acronyms.....</i>	<i>14</i>

Payment Systems Snapshot

Items	As on end Dec, 2021 ¹	As on end Sep, 2021	Growth
Population (Million) ¹	211.93 ^P	211.93 ^P	-
Currency in Circulation ² (PKR Trillion)	7.3	7.4	-1%
Number of Bank Accounts ³	62,884,091	62,884,091	-
No. of Branchless Banking Accounts	78,809,319	72,406,011	8.8%
Number of Banks (and their branches)	44 (16,714)	44 (16,457)	- (2%)
Commercial/Specialized ⁴	33 (15,474)	33 (15,237)	- (2%)
Microfinance	11 (1,239)	11 (1,220)	- (2%)
Number of Banks having			
ATMs	35	35	-
Point of Sale	9	9	-
Internet Banking	28	28	-
Mobile Phone Banking	27	27	-
Call Center Banking	23	23	-
CDMs	9	9	-
PSOs/PSPs (Commercial License)	6	6	-
EMIs (Commercial License)	2	2	-
Number of			
PRISM Participants	57	57	-
e-Commerce Merchants	3,968	2,993	33%
ATMs	16,709	16,546	1%
Cash Deposits Machines (CDMs)	216	216	-
CDMs with Cash Withdrawal facility	23	23	-
Multipurpose ATM (Cash/Cheque Deposit & withdrawal)	71	67	6%
POS Machines	92,153	79,134	17%
Payment Cards	48,677,459	46,203,292	5%

- Number of POS machines reached 92,153 while the number of payment cards reached 48.6 million.
- e-banking volume and value grew by 10.7% and 22.8% respectively on Quarter-on-Quarter (QoQ) basis.
- The number of mobile banking users grew by 5.0% reaching a total of 11.9 million. Over 94.0 million transactions valuing around PKR 2.2 trillion were conducted via mobile banking channels showing growth of 18.8% by volume and 35.4% by value during the quarter.
- During the quarter ended Sept 2021, the number of internet banking users reached 6.9 million. These users conducted 33.8 million transactions amounting to PKR 2.4 trillion amounting to quarterly growth of 13.9% by volume and 28.0% by value.
- During the same quarter, 31.4 million POS transactions amounting to PKR 178.1 billion were conducted showing quarterly growth of 11.8% by volume and 32.1% by value.
- A total of 13.6 million e-commerce transactions amounting to PKR 26.7 billion were conducted digitally showing quarterly growth of 7.2% by volume and 19.8% by value.

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

² As on Dec 2021, Monthly Statistical Bulletin, SBP

³ As on June 2021, Monthly Statistical Bulletin, SBP

⁴ Includes overseas branches



Key Statistics

Quarterly Payment System Review - Q2 FY22

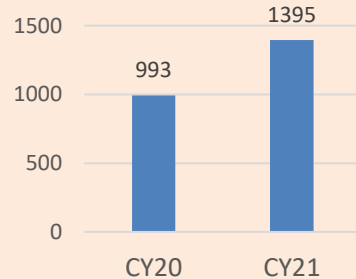
e-Banking



- Volume: 400.4 million
↑10.7%
- Value 33.4 trillion
↑22.8%

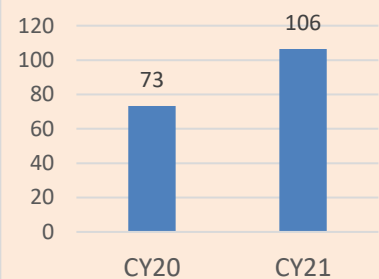
e-Banking Volume

(No. of Transactions in million)



e-Banking Value

(Value of transactions in PKR trillion)



MOBILE BANKING

- Users 11.9mn 5.0%↑
- Volume 94.0mn 18.8%↑
- Value 2.2tn 35.4%↑



INTERNET BANKING

- Users 6.9mn 0.3%↑
- Volume 33.8mn 13.9%↑
- Value 2.4tn 28.0%↑



ATM

- No. of ATMs 16,709 1.0%↑
- Volume 173.6mn 6.0%↑
- Value 2.4tn 9.8%↑

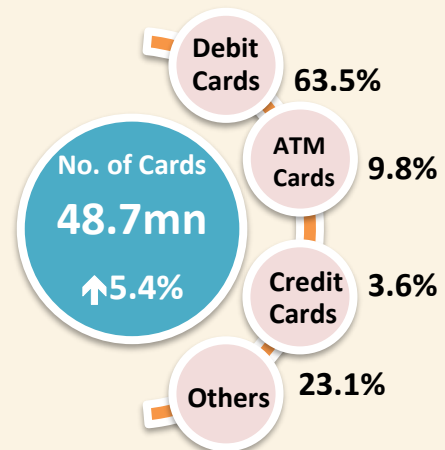


POS

No. of POS Machines 92,153 ↑16.5%
Volume 31.4mn ↑11.8%
Value 178.1bn ↑32.1%

e-Commerce

No. of Merchants 3,968 ↑32.6%
Volume 13.6mn ↑7.2%
Value 26.7bn ↑19.8%



Wholesale Payments RTGS (PRISM)

Volume 1.1 mn
5.9%↑

Participants
57

Value 161.3 tn
1.4%↑

Paper-based

Volume 101.4 mn
3.4%↑

Value 41.6 tn
12.2%↑

- All figures are rounded off. ↑ indicates an upward trend in figures compared to Q1 FY22 (July-September 2021).
- All values are in PKR.

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. 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	Oct-Dec 2021		July-Sep 2021		Growth	
	Volume (mn)	Value (PKR bn)	Volume (mn)	Value (PKR bn)	Volume	Value
PRISM	1.1	161,315.3	1.1	148,047.5	5.9%	1.4%
e-Banking (Total)	400.4	33,381.9	361.6	27,189.4	10.7%	22.8%
RTOB	54.1	25,453.2	48.4	20,816.4	11.8%	22.3%
ATM	173.6	2,371.0	163.7	2,158.8	6.0%	9.8%
POS	31.4	178.1	28.1	134.9	11.8%	32.1%
Internet Banking	33.8	2,424.6	29.6	1,894.1	13.9%	28.0%
Mobile Phone Banking	94.0	2,926.6	79.1	2,161.2	18.8%	35.4%
Call Centers/IVR	0.04	1.6	0.04	1.68	-7.0%	-2.7%
E-Commerce	13.6	26.7	12.7	22.3	7.2%	19.8%
Paper-Based	101.4	46,680.7	98.0	41,596.3	3.4%	12.2%
Total Transactions	502.9	41,377.8	460.7	27,835.8	9.2%	5.9%

In the second quarter of FY 2021-22, Pakistan's payment ecosystem continued to show growth in all the major areas. Concerted efforts by the SBP to push the digital payments adaption have been paying off, as the e-banking grew 10.7% by volume and 22.8% by value. The increasingly favorable behavioral trends of customers towards digital payments accelerated by the pandemic seem to be cementing as the usage of internet and mobile banking both achieved double digit growth of 13.9% and 18.8% by volume and 28.0% and 35.4% by value respectively. This uptake in e-banking was majorly spurred by 11.9 million mobile banking users and 6.9 million internet banking users, which amounts to a 5% and 0.3% increase on QoQ basis.

The retail sector also continued to show promising growth. The improvement in infrastructure and the shifting customer behavior pushed POS and e-commerce transactions higher. The number of POS machines increased to 92,153 which is 16.5% higher than the preceding quarter. A total of 31.4 million transactions worth PKR 178.1 billion were conducted via these POS machines. The number of e-commerce merchants reached 3,968 which amounts to 32.6% increase on QoQ basis. This increase mainly came from the onboarding of QR merchants. The number of e-Commerce transactions

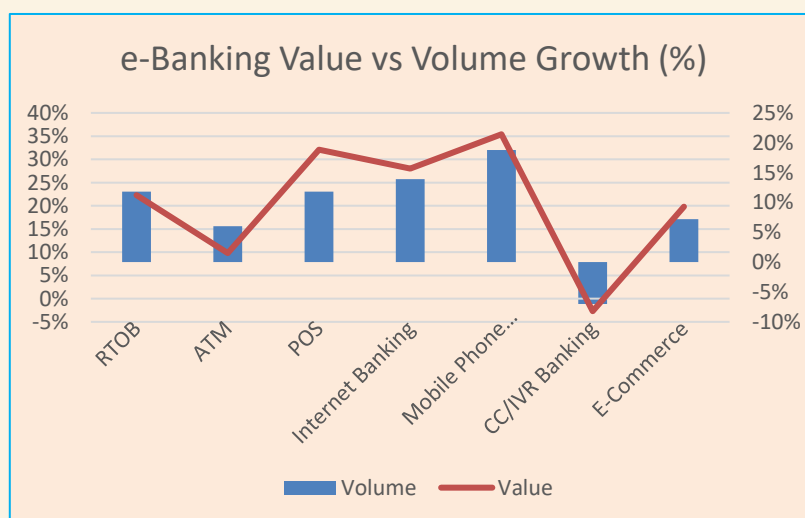


Figure 1: e-Banking Value vs Volume Growth (%)

(Card-not-Present) also increased to 13.6 million by volume and PKR 26.7 billion. This amounts to 27.2% progress in terms of volume and 19.8% increase in the value of these transactions.

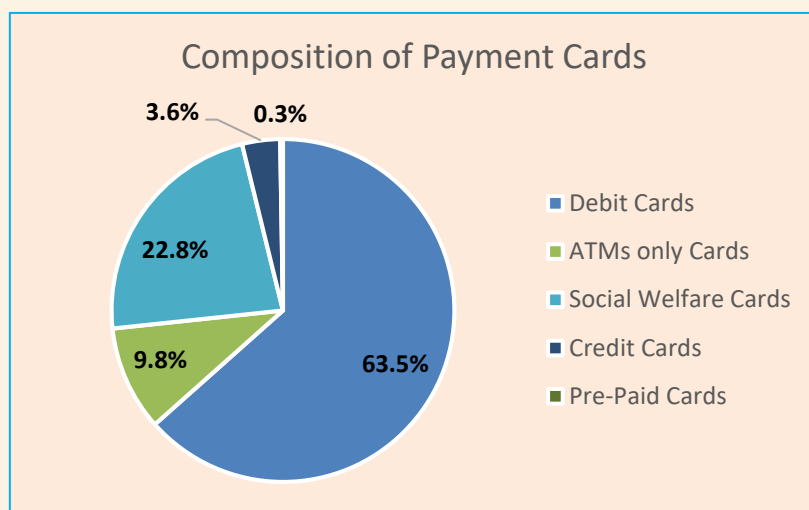


Figure 2: Composition of Payment Cards

As of end-December 2021, there were 48.7 million total cards in circulation which mainly comprised of Debit cards (63.5%), Social welfare cards (22.8%), ATM only cards (9.8%), Credit cards (3.6%), and Prepaid cards (0.3%). During this quarter, an increase of 3.4% in volume of paper-based transactions and 12.2% increase in value of paper-based transactions was also observed

Currently, State Bank of Pakistan is operating two payment systems: Pakistan Real-time Interbank Settlement Mechanism (PRISM) commonly known

as RTGS, and *Raast* (Micropayment gateway). During the quarter, PRISM recorded a total of 1.1 million transactions amounting to PKR 161.3 billion. This shows a growth of 5.9% by volume and 1.4% by value.

Two EMIs, namely M/s Finja and M/s Nayapay, have also continued to strengthen their presence in the domestic payments landscape. The non-traditional fintechs of this sort are poised to take the advantage of increasing digital adoption by the customers. As more such players enter the market, the objective of improving financial inclusion will also increasingly materialize. This shift to digitalization was already happening even before the pandemic arrived. But by the sheer force of necessity, pandemic accelerated this change, and the data indicates that this trend is sticking.

Annexure A: Quarterly Payment Systems Data

Quarterly Payment Systems Data is appended on following pages:

Table A-1: Payment Systems Infrastructure

Number of:	Q2-FY21	Q3-FY21	Q4-FY21	Q1-FY22	Q2-FY22 ^P
Commercial Banks	33	33	33	33	33
MFBs	11	11	11	11	11
DFIs	8	8	8	8	8
PRISM Participants	53	54	54	56	57
Banks	34	34	34	35	36
MFBs	6	7	7	8	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	16,304	16,223	16,308	16,457	16,714
RTOB Branches	16,165	16,081	16,170	16,321	16,571
Manual Branches	33	35	35	35	46
Overseas Branches	106	107	103	101	97
PSOs/PSPs	12	12	13	13	13
Commercial License	5	5	6	6	6
Pilot Approval	2	2	1	1	1
In-Principle Approval	5	5	6	6	6
EMIs	7	7	8	8	8
Commercial Launch	0	0	0	2	2
Pilot Approval	5	5	5	4	4
In-Principle Approval	2	2	3	2	2
ATMs	16,041	16,175	16,355	16,546	16,709
On-site	13,171	13,294	13,434	13,586	13,731
Off-Site	2,858	2,869	2,909	2,942	2,960
Mobile	12	12	12	18	18
POS Machines	62,480	67,099	71,907	79,134	92,153
Internet Banking Users	4,505,945	4,978,862	5,239,301	6,862,249	6,889,160
Mobile Phone Banking Users	9,383,243	9,857,602	10,872,844	11,326,984	11,902,617
Call Centers/ IVR Banking Users	32,046,130	32,861,262	33,436,122	34,224,117	34,322,055
e-Commerce Merchants Registered with Banks	2,411	2,523	3,003	2,993	3,968

Table A-2: Composition of Payment Cards

Transaction Type	Q2-FY21	Q3-FY21	Q4-FY21	Q1-FY22	Q2-FY22 ^p
Debit Cards	27,591,577	28,582,140	29,849,278	29,714,882	30,933,846
ATMs only Cards	7,245,554	6,426,981	5,771,429	4,605,196	4,781,926
Social Welfare Cards	7,623,718	7,699,466	8,467,023	9,997,081	11,096,417
Credit Cards	1,691,037	1,687,815	1,720,949	1,758,130	1,739,901
Pre-Paid Cards	133,298	126,322	127,670	128,003	125,369
Total	44,285,184	44,522,724	45,936,349	46,203,292	48,677,459

Table A-3: Payment Systems Transactions – Summary

(Volume in Million & Value in PKR Billion)

Transaction Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PRISM System	1.0	94,910.0	1.1	109,370.5	1.1	148,047.5	1.1	159,050.1	1.1	161,315.3
E-Banking	296.7	21,474.7	309.5	22,483.4	323.4	23,399.9	361.6	27,189.4	400.4	33,381.9
RTOB	49.3	16,904.2	49.3	17,398.1	45.3	17,767.5	48.4	20,816.4	54.1	25,453.2
ATM	152.6	2,028.3	153.5	2,084.5	157.8	2,177.6	163.7	2,158.8	173.6	2,371.0
POS	23.1	115.0	24.9	123.8	24.2	122.0	28.1	134.9	31.4	178.1
Internet Banking	22.1	1,293.1	24.5	1,561.7	28.0	1,720.7	29.6	1,894.1	33.8	2,424.6
Mobile Phone Banking	44.0	1,117.0	51.7	1,297.9	61.3	1,591.6	79.1	2,161.2	94.0	2,926.6
Call Centers/ IVR Banking	0.0	2.0	0.0	2.1	0.0	2.1	0.04	1.7	0.0	1.6
E-Commerce	5.6	15.0	5.6	15.3	6.8	18.4	12.7	22.3	13.6	26.7
Paper-Based	104.8	37,234.0	100.2	37,657.9	93.7	40,485.0	98.0	41,596.3	101.4	46,680.7
Total	402.5	153,618.7	410.8	169,511.8	418.2	211,932.4	460.7	227,835.8	502.9	241,377.8

Table A-4: PRISM Transactions

(Volume in Thousand & value in Trillion-PKR)

Transaction Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Government Securities	18.1	59.8	18.8	74.2	21.2	108.7	21.6	117.7	21.9	112.0
Inter-Bank Fund Transfers	82.6	20.8	81.4	21.1	78.1	22.1	84.3	23.1	87.2	27.7
3rd Party Customer Transfers	909.7	10.3	953.3	10.1	950.3	11.8	958.7	13.6	1,017.0	16.6
Ancillary Clearing Settlement	15.8	4.0	15.0	3.9	14.6	5.4	14.5	4.6	16.4	5.1
Total	1,026.2	94.9	1,068.5	109.4	1,064.2	148.0	1,079.1	159.1	1,142.5	161.3

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

(Volume in Million & Value in Billion-PKR)

Transaction Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash Deposits	23.4	3,591.4	23.4	3,705.8	20.3	3,574.2	21.5	3,902.0	25.2	4,555.2
Cash Withdrawals	10.7	1,563.6	10.6	1,726.4	9.7	1,555.8	10.3	1,761.9	11.5	2,032.9
Intra-Bank Funds Transfers	15.2	11,749.3	15.3	11,966.0	15.2	12,637.5	16.6	15,152.5	17.4	18,865.1
Total	49.3	16,904.3	49.3	17,398.1	45.3	17,767.5	48.4	20,816.4	54.1	25,453.2

Table A-6: ATM Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cash withdrawals	147.2	1,827.6	148.0	1,885.8	152.2	1,975.2	158.7	1,976.7	168.1	2,138.5
Intra-Bank Fund Transfer	1.6	63.7	1.5	59.9	1.4	58.1	1.3	55.0	1.4	63.1
Inter-Bank Fund Transfers	2.2	112.1	2.2	106.0	2.4	113.7	2.3	111.0	2.4	124.9
Utilities Bill Payments	1.3	4.3	1.4	3.7	1.4	5.9	1.5	8.7	1.3	6.3
Cash/Instrument Deposits	0.3	20.5	0.3	29.0	0.3	24.5	0.1	7.3	0.4	38.0
Total	152.6	2,028.2	153.4	2,084.4	157.8	2,177.4	163.7	2,158.7	173.6	2,370.9

Table A-7: Internet Banking Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	7.8	488.2	8.6	559.3	9.8	628.8	10.4	720.7	11.2	865.5
Inter-Bank Fund Transfers	8.9	527.4	10.3	697.5	12.4	767.6	13.2	876.6	16.3	1,246.1
Utilities Bill Payments	4.2	99.3	4.4	144.6	4.6	157.0	4.8	124.7	4.8	116.2
Misc. Payment Through Internet Banking	1.1	178.1	1.1	160.3	1.2	167.2	1.3	172.2	1.5	196.7
Total	22.1	1,293.1	24.5	1,561.7	28.0	1,720.7	29.6	1,894.1	33.8	2,424.6

Table A-8: Mobile Banking Transactions

(Volume in Million & Value in Billion-PKR)

Transaction Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	9.3	398.5	10.3	451.7	11.9	532.6	15.2	748.1	19.7	1,262.7
Inter-Bank Fund Transfers	18.8	550.5	24.0	684.1	29.5	854.5	42.1	1,153.2	50.6	1,393.7
Utilities Bill Payments	13.9	21.0	15.8	21.3	17.5	29.7	17.8	44.1	18.1	38.0
Misc. Payment Through Mobile Phone Banking	2.0	147.0	1.6	140.8	2.4	174.9	4.0	215.8	5.6	232.1
Total	44.0	1,117.0	51.7	1,297.9	61.3	1,591.6	79.1	2,161.2	94.0	2,926.6

Table A-9: Call Center/IVR Banking Transactions

(Volume in Thousands & Value in Billion-PKR)

Transactions Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Intra-Bank Fund Transfers	4.0	0.3	4.1	0.4	3.8	0.3	2.8	0.1	2.6	0.1
Inter-Bank Funds Transfers	0.2	0.0	0.2	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Utilities Bill Payments	6.4	0.1	4.9	0.1	7.0	0.1	12.1	0.2	10.0	0.2
Misc. Payment Through Call Centers/IVR Banking	32.1	1.6	29.9	1.6	28.9	1.7	25.4	1.3	25.0	1.4
Total	42.6	2.0	38.9	2.1	39.9	2.1	40.4	1.7	37.6	1.6

Table A-10: ATM Transactions - By Payment Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	6.9	79.4	5.9	62.0	4.6	45.9	1.1	5.3	1.0	3.6
Debit Cards	138.0	1,873.2	139.9	1,941.6	143.3	2,022.8	153.8	2,082.2	164.6	2,279.1
Credit Cards	0.1	0.8	0.1	0.7	0.1	0.8	0.1	0.9	0.2	2.5
Pre-Paid Cards	0.1	0.5	0.1	0.4	0.1	0.4	0.1	0.4	0.0	0.4
Social Welfare Cards	0.6	1.8	0.2	0.6	0.4	1.1	0.4	1.3	0.4	1.1
Total	145.7	1,955.6	146.1	2,005.4	148.5	2,071.0	155.4	2,090.2	166.1	2,286.7

Table A-11: POS Transactions - By Payment Cards

(Volume in Million & Value in Billion-PKR)

Transaction Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATMs only Cards	-	-	-	-	-	-	-	-	-	-
Debit Cards	16.2	70.7	17.8	74.0	17.4	72.6	22.6	84.3	26.2	110.9
Credit Cards	9.3	52.8	9.5	54.1	9.3	53.5	11.4	66.4	11.8	74.8
Pre-Paid Cards	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
Social Welfare Cards	0.0	0.1	0.0	0.7	0.0	0.0	0.0	0.0	-	-
Total	25.5	123.7	27.3	128.8	26.7	126.2	34.1	150.7	38.0	185.8

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

(Volume in Million & Value in Billion-PKR)

Transaction Type	Q2-FY21		Q3-FY21		Q4-FY21		Q1-FY22		Q2-FY22 ^p	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Debit Cards	5.8	15.4	6.0	16.9	6.8	18.6	12.3	25.2	10.6	34.9
Credit Cards	2.8	16.4	2.8	16.2	3.2	16.8	4.1	21.4	4.0	26.6
Pre-Paid Cards	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Total	8.7	31.9	8.8	33.1	10.0	35.5	16.4	46.8	14.6	61.6

Table A-13: Branchless Banking

Items	Q2-FY21	Q3-FY21	Q4-FY21	Q1-FY22	Q2-FY22 ^p
Number of Agents	481,837	509,720	534,460	560,556	586,781
Number of Accounts	62,755,479	66,542,098	74,620,637	72,406,011	78,809,319
Deposits as on Quarter end (PKR Mn)	51,671	56,442	55,259	56,042	65,580
Number of transactions during the quarter (Thousands)	553,279	594,373	623,505	616,972	666,393
Value of transactions during the quarter (PKR Mn)	2,069,307	1,862,144	2,235,488	2,291,329	1,431,659

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
PSP&OD	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.

For queries, comments, and feedback on this publication, please e-mail at

PSD-Data@sbp.org.pk