



PAYMENT SYSTEMS REVIEW

FOR THE 2nd QUARTER OF FISCAL YEAR 2023-24



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Executive Summary

Pakistan's payments infrastructure demonstrated robust growth during the quarter, bolstered by RTGS system, Raast faster payment system, and SBP regulated payment system operators and service providers. Pakistan has 44 banks/MFBs providing conventional as well digital services through various channels. Among these, 31 banks/MFBs also provide mobile app based banking, catering to a user base of 16 million, while 32 banks/MFBs offer internet banking services with 11 million users. Additionally, 16 banks have embraced branchless banking, serving 67 million mobile app based wallet users. Furthermore, 5 Electronic Money Institutions (EMIs) contribute to the digital payments ecosystem, collectively serving around 2.7 million e-wallet users. Regarding Raast, approximately 35 million Raast IDs have been registered by the quarter end. After Raast Bulk Payments and P2P use cases, SBP has now launched Raast P2M model allowing users to make direct payments to the merchants through Raast.

Payments infrastructure currently comprises of a network of 18,441 ATMs, 121,789 Point-of-Sale (POS) machines and 7,630 e-merchants (registered with banks) facilitating digital transactions initiated through 59 million cards issued by banks, BBs and EMIs to their customers. Notably, PayPak, a domestic payment scheme in Pakistan, commands a considerable presence, accounting for 15% of the total issued cards.

In Pakistan, RTGS system processes large value financial transfers and settlements, whereas Raast and PSOs/PSPs are the channels for Retail Payments, based on transaction's nature and customer's preference. During 2nd quarter of FY24, 82% of retail transactions were conducted digitally as compared to 80% in previous quarter showing a continued increase in adoption of digital payments. Conversely, in terms of value, 85% of retail payments were conducted at Over-the-Counter (OTC) and only 15% through digital channels.

During the current review, four major trends stand out. First, consistent adoption of mobile app and internet banking which is evident by the increasing number of users and transactions through these channels. Together, these two channels constitute the largest share of 50% in total digital transactions. This trend is expected to continue due to increasing adoption of Raast by these channels. Second trend is the increase in Raast's usage. In the current quarter, volume of transactions processed via Raast reached to 107 million amounting to more than PKR 2 trillion, while since its inception in January 2021, Raast has processed a cumulative 343 million transactions, with a cumulative value exceeding PKR 7 trillion. This aggressive and continued build up in the growth momentum of Raast shows that it is becoming a game-changer for digitizing payments ecosystem in the country. Thirdly, E-wallets issued

by EMI's are gaining popularity especially amongst the particular segments such as youth and freelancers, with a total of 2.7 million users registered with these EMI's. Fourth encouraging trend is the increasing use of digital payments in e-commerce which grew 13% by volume in this quarter. All these trends indicate a growing preference among Pakistanis for digital channels over traditional OTC options.

During the quarter, mobile app and internet based banking transactions rose by 29% and 15%, reaching 280 million valuing PKR 11.2 trillion and 57 million valuing PKR 5.4 trillion respectively. E-wallet transactions exhibited a similar growth pattern with a quarterly increase of 31% by volume and 37% by value. Card-based transactions at ATMs, POS, and e-commerce also experienced notable growth during the quarter, totaling 235 million (10%), 65 million (10%), and 11 million (13%) transactions respectively. Notably, share of internet and mobile app based transactions were higher than card-based transactions. ATMs continued to be customers preferred channel for cash withdrawal having 229 million transactions during the quarter as compared to 49 million through OTC channel. This shows that ATMs' network in Pakistan is optimally utilized, serving customers for cash withdrawal 24/7 without the need of visiting the branch. In addition, customers can transfer funds, pay bills, donate money and perform other financial/non-financial transactions through these ATMs. Volume of transactions on POS machines grew by 10% whereas POS network itself grew by 3% during the quarter. Importantly, higher merchant discount rate is considered a barrier in rapid expansion of POS network. Furthermore, online means of payment is becoming more popular due to introduction of free of cost Raast and QR based payments for purchases. At present, P2P QR is being offered by 25 banks/MFBs and in near future, P2M QR payments will further increase the digital payments share in retail payments. A process flow for making QR payment is given at Annexure-C.

For large value payments, PRISM (RTGS) continued to facilitates settlements of inter-bank funds transfers, government securities and ancillary clearing services. During the quarter, RTGS processed 1.5 million transactions amounting to PKR 273 trillion, maintaining an exceptional availability rate of 99.99%.

Notable developments during the quarter were; (i) issuance of regulatory instructions for Raast P2M services to facilitate digital payment acceptance for merchants and businesses, (ii) signing of MoU by SBP with Arab Monetary Fund (AMF) to establish a framework of cooperation between Bupa and Raast for cross-border payments, (iii) inclusion of a new EMI, M/s Akhtar Fuiou Technologies Pvt. Ltd, with the aim to build digital payment platform for agri-economy, (iv) entrance of two banks in POS acquiring business, and lastly, (v) issuance of instructions on standardization of purpose list for electronic funds transfer to provide convenience to the customers.

Payment Systems Snapshot

	End Sep-23	End Dec-23 ^P		
Country’s Population (in million) ¹	241.5	241.5		
Currency in Circulation (in PKR billion) ²	8,287.8	8,526.4		
Payment Systems Infrastructure				
Banks	33	33		
Microfinance Banks – MFBs	11	11		
Payment System Operators/ Service Providers – PSOs/PSPs	5	5		
Electronic Money Institutions – EMIs	4	5		
Branchless Banking Service Providers – BBs	16	16		
PRISM Participants ³	59	59		
Payments Network				
Branches of Banks & MFBs	17,768	18,178		
ATMs	18,117	18,441		
CDMs/CCDMs ⁴	525	529		
Point-of-Sale (POS) Machines	118,444	121,789		
Registered E-Commerce Merchants (Banks/MFBs)	7,310	7,630		
Branchless Banking Agents	640,953	649,992		
Digital Payment Channel Users and Instruments (in million)				
Internet Banking Users	10.3	10.8		
Mobile Banking Users	15.1	16.3		
Call Center/ IVR Banking Users	38.4	39.2		
BB Mobile App Users	64.6	67.2		
Payment Cards ⁵	54.3	59.2		
E-Wallets	2.4	2.7		
Q1-FY24 ^R Q2-FY24 ^P				
	Volume (million)	Value (PKR billion)	Volume (million)	Value (PKR billion)
Payment Systems Transactions ⁶				
Large-Value Transactions	1.42	199,325.8	1.48	272,651.5
Digital Transactions ⁷	565.3	17,001.2	668.1	20,779.2
Over-the-Counter (OTC) ⁸ Transactions	142.3	117,573.2	148.2	119,546.7

¹ Population Statistics taken from “Population and Housing Census (2023) – The Digital Census” available at:

<https://www.pbs.gov.pk/sites/default/files/population/2023/Pakistan.pdf>

² Latest figure taken from State Bank of Pakistan's “Monthly Statistical Bulletin of Dec-23” available at:

https://www.sbp.org.pk/reports/stat_reviews/Bulletin/2023/Sep/MoneyCredit.pdf

³ This includes 46 Banks/MFBs (Islamic banking windows counted separately), 9 DFIs, and 4 Non-Banks or Special Participants

⁴ CDMs: Cash Deposit Machine | CCDMs Cash & Cheque Deposit Machine (some have facility of withdrawal in addition to deposit)

⁵ Payment Cards issued by Banks, MFBs, EMIs and BBs

⁶ Doesn't include transactions processed by Branchless Banking Service Providers

⁷ Includes Digital Transactions carried out at ATMs/CDMs/CCDMs, POS terminals, E-Commerce Platforms or initiated online via Bank Account/ Digital wallet. All these transactions are processed through digital channels provided by Banks, MFBs or EMIs

⁸ Includes Over-the-counter (OTC) transactions carried out at Bank Branches

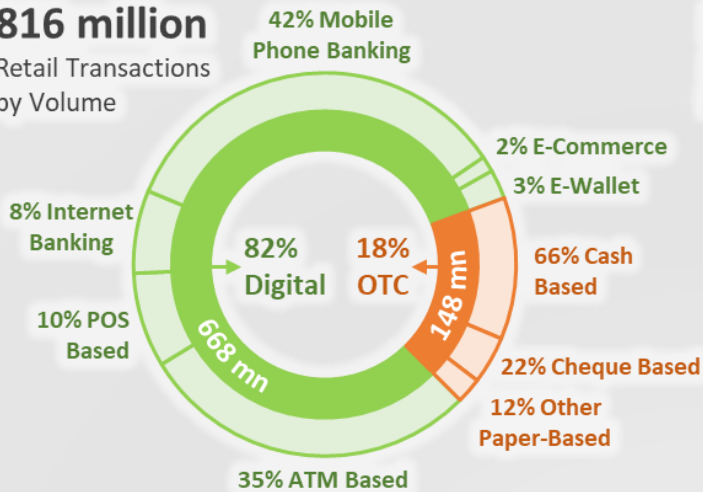
Note: Payment Systems Data Series is available for download at: <https://easydata.sbp.org.pk>

R: Revised | P: Provisional

Infographics on Payments System – Q2 FY24

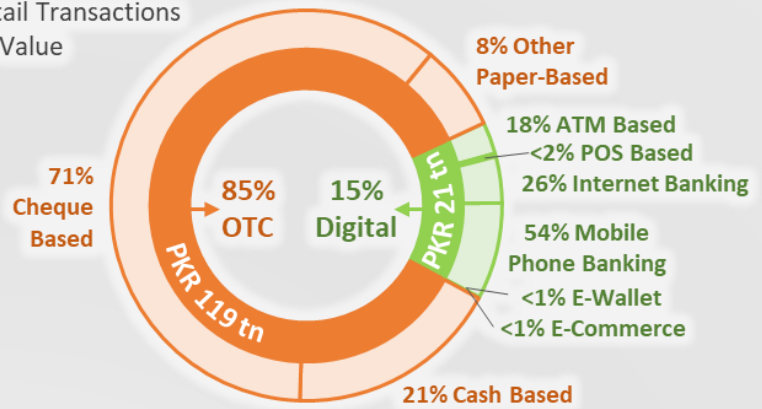
816 million

Retail Transactions
by Volume



PKR 140 trillion

Retail Transactions
by Value



Mobile Banking

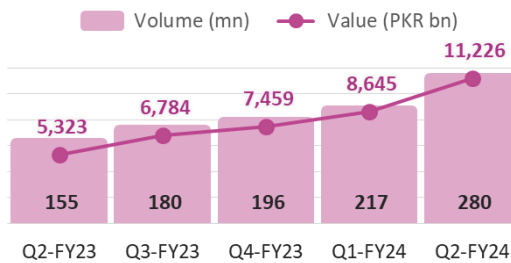
Number of Users

Q2-FY24: **16.3 million**

Q1-FY24: **15.1 million**

Growth: **↑ 8%**

Transactions



Digital Wallets



EMI's E-Wallet Users

Q2-FY24: **2.7 million**

Q1-FY24: **2.4 million**

Growth: **↑ 15%**



Internet Banking

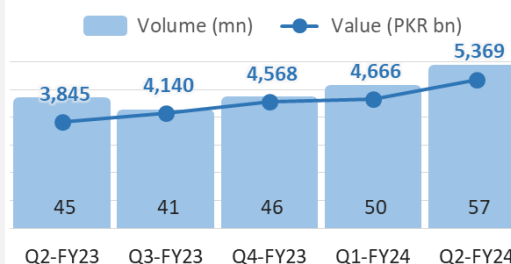
Number of Users

Q2-FY24: **10.8 million**

Q1-FY24: **10.3 million**

Growth: **↑ 5%**

Transactions

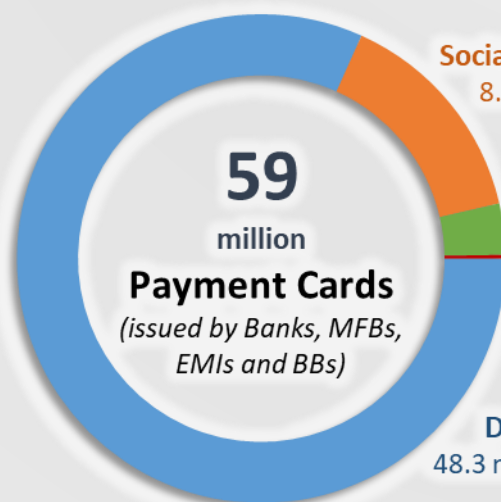


BB's M-Wallet Users

Q2-FY24: **67.2 million**

Q1-FY24: **64.6 million**

Growth: **↑ 4%**



59 million
Payment Cards
(issued by Banks, MFBs,
EMI's and BB's)

Social Welfare Cards
8.6 million (15%)

Credit Cards
2.0 million (3%)
Prepaid Cards
0.1 million (<1%)

Debit Cards
48.3 million (82%)



18,441 ATMs
facilitated **235 mn**
transactions amounting
PKR 3,709 bn



121,789 POS Machines
facilitated **65 mn** card
present purchases
amounting **PKR 371 bn**

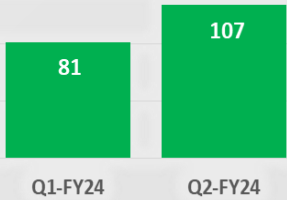


7,630 E-Merchants
registered with Banks/ MFBs
processed **11 mn** transactions
worth **PKR 51 bn**

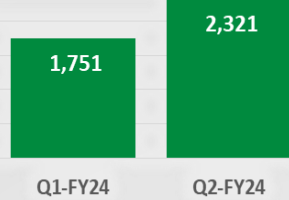


34.6 million
Raast IDs

Transaction Volume (mn)



Transaction Value (PKR bn)

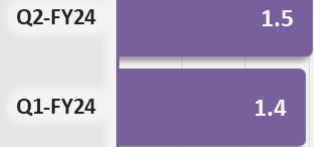


PRISM

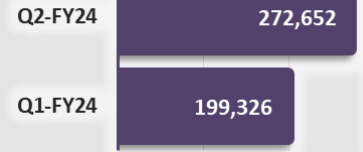
Real-Time Gross
Settlement System
of Pakistan



Volume (mn)



Value (PKR bn)



Total Payments

(via RTGS, Banks, MFBs & EMIs)
During Q2-FY24

Retail Payments

Volume: 816 mn
Value: PKR 140,325 bn

Fund Transfer

340 mn trx
PKR 99,876 bn

Digital Transactions
90%
OTC Transactions
10%

Bill Payments & Mobile Top-up

55 mn trx
PKR 1,187 bn

Digital Transactions
73%
OTC Transactions
27%

Cash Withdrawal

279 mn trx
PKR 14,313 bn

Digital Transactions
82%
OTC Transactions
18%

Pay Orders/ Demand Drafts/ Direct Debits

2 mn trx
PKR 8,030 bn

OTC Transactions
100%

Large Value Payments

Volume: 1.5 mn
Value: PKR 272,652 bn

Fund Transfers

1.45 mn trx
PKR 78,802 bn

Settlements & Clearing

0.04 mn trx
PKR 193,849 bn

POS & E-commerce Purchases*

76 mn trx
PKR 413 bn

Digital Transactions
100%

Cash/Cheque Deposit

49 mn trx
PKR 13,995 bn

Digital Transactions
2%
OTC Transactions
98%

Miscellaneous Payments

15 mn trx
PKR 2,510 bn

Digital Transactions
99%
OTC Transactions
1%

* E-Commerce transactions carried out at e-merchants registered with banks/MFBs

Payments Infrastructure

Pakistan's payments infrastructure broadly consists of the following:

- **Real-time Gross Settlement System (RTGS)** called Pakistan Real-time Interbank Settlement Mechanism (PRISM) operated by SBP.
- **Raast**, also operated by SBP, is country's instant payment system which provides free of cost funds transfer facility to the customers.
- **Banks and Microfinance Banks (MFBs)** providing banking services to customers.
- **Electronic Money Institutions (EMIs)**, issue e-money, and provide e-wallets and payment cards to customers for digital transactions.
- **E-commerce gateways** provided by Banks and PSOs/PSPs to e-merchants for facilitating online purchases.
- **Payment System Operators and Service Providers (PSOs/PSPs)** providing services such as cheque clearing, interbank ATM switching, bill payments, fund transfer mechanisms and payment gateway services.

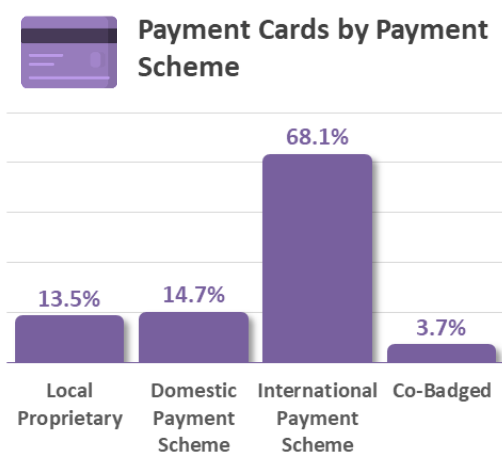
This interconnected payments infrastructure comprises of 33 banks, 11 Microfinance Banks (MFBs), 5 Electronic Money Institutions (EMIs) and 5 Payment System Operators and Service Providers (PSOs/PSPs) providing wide range of payments and other digital financial services to users across the country. In addition to this, 16 Banks/MFBs offers Branchless Banking (BB) services, thereby extending banking services beyond traditional branches, through an extensive network of BB agents and mobile apps.

Out of the 44 banks and MFBs, 35 have strategically positioned 18,441 ATMs nationwide, offering round-the-clock access to cash withdrawal, bill payments, fund transfers, donations, and essential financial services. Additionally, 11 banks have installed 121,789 POS machines at various merchant locations to facilitate card-based transactions, while 5 have e-commerce gateways for processing online purchases.

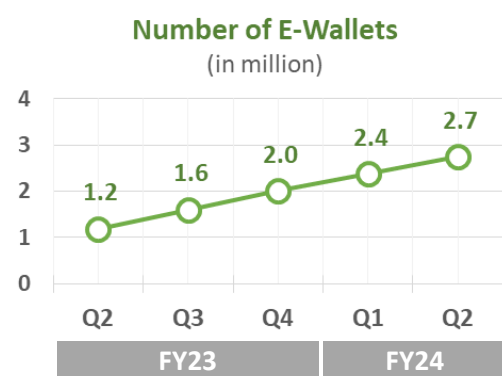
Payment Instruments & Users

Payment instruments, such as, banknotes (paper money), coins, cheques, payment cards, digital wallets allow their holder to conduct a financial transaction. Bank accounts, digital wallets, and payment cards are key elements for the digitalization of payments and fostering financial inclusion. In the last few years, the adoption and usage of digital payment instruments have witnessed manifold increase and the momentum has continued in this quarter as well.

As of quarter-end Q2-FY24, number of payment cards stood at 59.2 million which was 54.3 million in previous quarter Q1-FY24. More than 82% of the total cards were issued by Banks & MFBs, while 12% were issued by BBs and the remaining 6% were issued by EMIs. These cards comprised of debit cards (81.7%), credit cards (3.4%), social welfare cards (14.6%) and prepaid cards (0.2%). By payment scheme, majority of these cards are backed by International Payment Schemes which includes Mastercard, VISA, Union Pay International, American Express and JCB.



While payment cards have been in existence for decades, the emergence of E-Wallets issued by EMIs represents a recent advancement in the payment system. EMIs have successfully opened 2.7 million e-Wallets till quarter end Q2-FY24, signifying a more than twofold increase in just four quarters. Average growth rate of e-wallets is currently 23%.



The number of registered mobile banking and internet banking users has also increased during the quarter by 5.4% and 8.0% respectively. Digital wallets provided by Branchless Banking service providers witnessed growth of 3.9% during the quarter reaching to 67.2 million mobile wallets.

Payments Summary

Payments can be classified into two distinct categories: Large-Value Payments, which handle small volume large value financial transfers and settlements, and Retail Payments, which deal with every day, relatively smaller-scale transactions.

Summary on number of transactions (volume) and its value through various channels is presented in Table T-1 below:

T-1: Quarterly Summary of Transactions

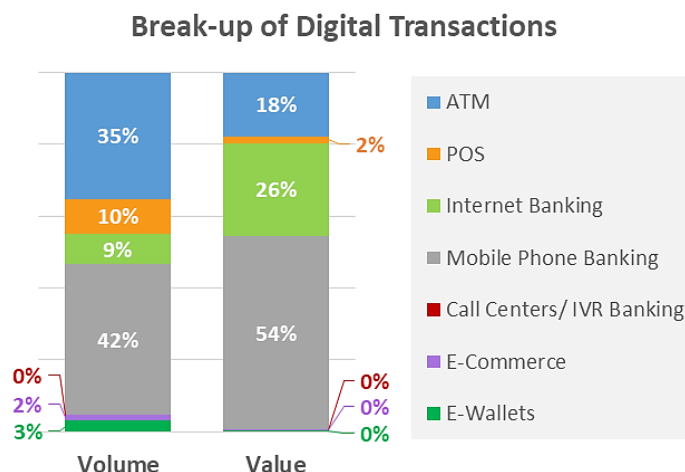
	Q1-FY24 ^R		Q2-FY24 ^P		Quarterly Change	
	Volume (mn)	Value (PKR bn)	Volume (mn)	Value (PKR bn)	Volume (% QoQ)	Value (% QoQ)
Large-Value Transactions						
PRISM Transactions	1.42	199,325.8	1.48	272,651.5	4.1%	36.8%
Funds Transfer	1.40	65,388.4	1.45	78,802.1	3.2%	20.5%
Securities Settlement	0.02	133,937.4	0.03	190,950.5	32.8%	42.6%
Ancillary Clearing Transaction	-	-	0.01	2,898.9	0.0%	0.0%
Retail Transactions						
Digital Transactions	565.3	17,001.2	668.1	20,779.2	18.2%	22.2%
Funds Transfer (intra-Bank/EMI) ⁹	61.4	5,130.2	75.6	6,530.9	23.1%	27.3%
Funds Transfer (inter-Bank/EMI) ¹⁰	177.3	6,859.9	231.2	8,608.9	30.4%	25.5%
Point-of-Sale (POS) Purchase	58.9	313.8	65.0	363.2	10.4%	15.8%
E-Commerce Purchase	9.6	39.6	10.9	50.5	13.3%	27.6%
Bill Payment & Mobile Top-up	34.4	547.0	40.2	583.7	16.8%	6.7%
Cash Withdrawal (ATM/CDM)	208.6	2,961.7	229.3	3,376.2	9.9%	14.0%
Cash/ Cheque Deposit (CDM/CCDM)	1.0	106.6	1.0	104.6	-0.1%	-1.8%
Others	14.0	1,042.3	14.9	1,161.1	6.6%	11.4%
OTC Transactions	142.3	117,573.2	148.2	119,546.7	4.1%	1.7%
Funds Transfer (intra-Bank) ⁸	23.1	74,403.1	24.1	75,666.9	4.2%	1.7%
Funds Transfer (inter-Bank) ⁹	8.9	8,970.0	8.8	9,069.7	-1.6%	1.1%
Bill Payment	15.9	620.4	15.2	603.7	-4.7%	-2.7%
Cash Withdrawal	44.8	10,245.9	49.4	10,937.0	10.1%	6.7%
Cash Deposit	47.1	14,075.7	48.4	13,890.8	2.7%	-1.3%
Pay Orders/ Demand Drafts	1.8	3,470.0	1.6	3,060.9	-8.3%	-11.8%
Direct Debit	0.6	4,706.7	0.6	4,969.2	3.6%	5.6%
Others	0.1	1,081.3	0.2	1,348.4	41.3%	24.7%

⁹ Funds transfer within same bank through Real-time-Online Branches (RTOB) or within same EMI

¹⁰ Funds transfer between different banks or financial institutions

Digital payments constitute 82%, while OTC transactions covers only 18% of total retail transactions. However, in terms of value of retail transactions, 15% are digital, while 85% are OTC transactions. All these transactions are processed through banks, MFBs, and EMIs. Compared to the previous quarter, the volume of digital transactions has increased by 18.2%, while OTC transactions grew by 4.1%.

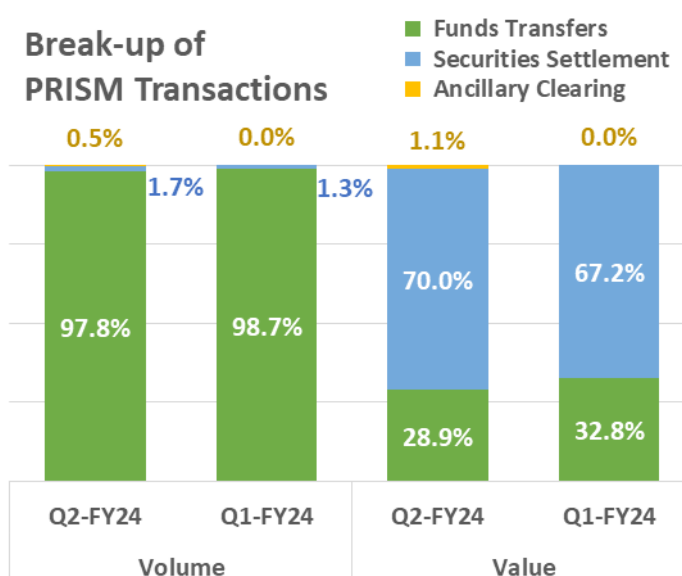
Break-up of digital transactions by channel reveals that 42% of the transactions were conducted through mobile phone banking and 35% through ATMs. Rest of 23% transactions were conducted through/at POS machine (10%), internet banking (9%), e-wallets (3%) and e-commerce (2%). By value, mobile phone banking contribution was 54%, internet banking 26%, ATMs 18%, POS 2% and rest of the channels collective contribution was less than 1%.



Large-Value Payments

Large-Value Payments in Pakistan are settled through Real-Time Gross Settlement (RTGS) system named as Pakistan Real-time Interbank Settlement Mechanism (PRISM) System which is operated and managed by State Bank of Pakistan (SBP). RTGS system is defined as a gross settlement system in which both processing and final settlement of funds transfer instructions take place in real-time. PRISM system provides a central platform for the settlement of large-value interbank funds transfers, Government Securities, retail clearing and customer transfers (over a certain minimum amount limit). At present, there are 59 PRISM participants of which 46 are banks (with Islamic banking windows counted separately), 9 are DFIs, and 4 are non-banking entities or special participants.

During the quarter Q2 of FY24, a total of 1.5 million transactions amounting to PKR 272.7 trillion were settled through PRISM which included settlement of government securities, funds transfers and ancillary clearing transactions. Major chunk of the number of transactions were funds transfers (97.8%) followed by settlement of government securities (1.7%) and ancillary clearing (0.5%). By value, total transactions comprised 70.0% of government securities settlements, 28.9% fund transfer transactions and remaining 1.1% settlement of ancillary clearing transactions.



Retail Payments

Retail payments in Pakistan can be conducted through cash, internet banking, mobile phone banking (apps and USSD), call center/IVR banking, ATMs, POS, digital wallets, payment cards and interoperable QR codes. Retail transactions in Pakistan conducted through different channels during Q2 of FY24 are summarized below:

Fund Transfer 340 million PKR 99,876 billion	POS Purchase 65 million PKR 363 billion	E-Commerce Purchase 11 million PKR 51 billion
Bill Payment & Top-up 55 million PKR 1,187 billion	Retail Payments	Cash/Cheque Deposit 49 million PKR 13,995 billion
Cash Withdrawal 279 million PKR 14,313 billion	Paper Instrument Payments 2 million PKR 8,030 billion	Other Payments** 15 million PKR 2,510 billion

* Includes Pay Orders (POs), Demand Drafts (DDs), Banker's Cheque (BCs) and Direct Debit transactions

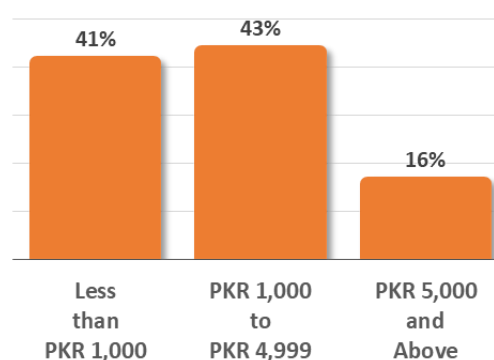
** Includes third-party invoice based payments, government payments, other Paper-Based transactions, and any other transaction processed by Banks, MFBs and EMLs not exclusively presented separately.

The total retail payments for the quarter amounted to 816.3 million, with a breakdown revealing that 42% comprised fund transfers, 34% were cash withdrawals, 9% constituted store purchases through POS or e-commerce websites, 7% were bill payments, 6% encompassed cash or instrument-based deposits, and the remaining 2% encompassed paper instrument-based transfers, third-party invoices, government payments, and other miscellaneous transactions.

As of quarter end Q2 FY24, only 5 banks and 2 Payment System Operators (PSOs) were providing e-commerce payment acceptance services to merchants. Although, growth in e-commerce purchases have remained nominal for the last 3 quarters as small number of merchants were accepting payments online. This is primarily due to the fact that digitization of merchant's end-to-end business is a challenge as majority of merchants have no online presence. Despite this, e-commerce transactions increased by 13% during the quarter.

During the quarter, a total of 10.9 million e-commerce transactions were processed amounting to PKR 50.5 billion. Majority of these transactions (84%) had a ticket size of less than PKR 5,000 per transaction. Only, 3% of the transactions amounted greater than PKR 30,000.

Volume of e-Commerce Transactions



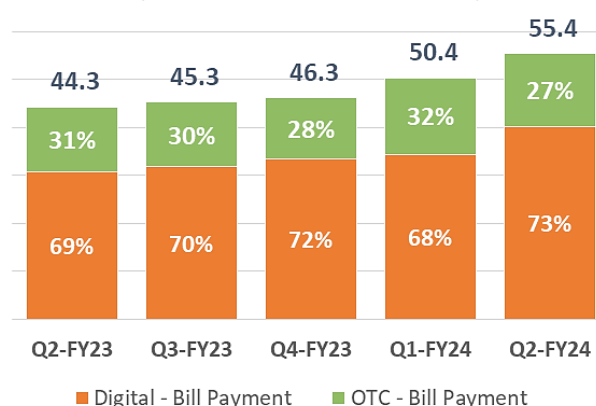
This quarter marked the entrance of The Bank of Punjab and Faysal Bank Ltd. into the POS acquiring business, contributing to the broader expansion of the POS network nationwide. Currently, 11 banks/MFBs offer POS services, among them two are facilitating closed-loop POS machines. These closed-loop machines efficiently provide cash withdrawal services at bank branches, environment friendly and easing cashier workloads. The share of these transactions is almost negligible. The remaining nine acquiring banks have strategically deployed their POS machines in diverse locations, including stores, outlets, supermarkets, fuel stations, and hospitals across the country. Although number of POS machine is increasing every quarter, but the growth is somewhat stagnant due to the high merchant rate imposed on merchants by acquirers. More than 65 million POS purchases were conducted during the quarter amounting to PKR 363.2 billion.

Mentioned earlier, 34% of the retail transactions were cash withdrawals during the quarter of which 82% were carried out at ATMs while the remaining 18% through bank branches. Although ATMs in Pakistan have the facility of bill payments and funds transfer in addition to cash withdrawals, however, 98% of the transactions through ATMs are usually cash withdrawals with an average ticket size of PKR 14,700/ transaction.

One notable development was in customers' preference for bill payment through different channels. Bill payments through digital channels has been steadily gaining momentum in recent quarters, with one exception in Q1-FY24. In Q2-FY23, 31% of bill payments were made through OTC, which has now declined to 27% as of Q2 FY24. Notably, high-value bills tend to be paid through OTC, with an average transaction size of PKR 39,745, while digital channels handle household bills with an average transaction size of PKR 14,513.

Digital and OTC Bill Payments

(Total of transactions in million)



Major Developments

During the 2nd quarter of FY24, notable developments have enhanced the payment system landscape of Pakistan, introducing developments that contribute to increased efficiency and accessibility in financial transactions. These developments are summarized as follows:

1. Launch of Raast Person to Merchant (P2M) Service:

SBP has enabled interoperable Raast P2M service to facilitate digital payment acceptance for merchants and businesses. Raast is an instant payment system of Pakistan and is operated by SBP. The first two use cases of Raast were bulk payments and Person-to-Person (P2P) funds transfer facility. Raast P2M service is the third use case which will accelerate the pace of digitization of merchant and business transactions in Pakistan conducted through mobile apps, internet banking portals and USSD channels. Further details on Raast P2M, issued vide at PSP&OD Circular No. 4 of 2023, is accessible through the link: <https://www.sbp.org.pk/psd/2023/C4.htm>

2. Entrance of a new EMI in Digital Landscape:

During the quarter, a new EMI; Akhtar Fuiou Technologies Pvt. Ltd. was granted license for commercial operations specifically aiming to build digital payment platform for agri-economy. It is expected that the financial inclusion will be further increased with the addition of new EMI in the digital landscape of Pakistan.

3. AMF and SBP collaboration for Cross-border payments:

In November, 2023, the Arab Monetary Fund (AMF) and the SBP signed an MoU to establish a framework of cooperation between Buna, the cross-border payment system operated by Arab Regional Payments Clearing and Settlement Organization (ARPCSO), owned by AMF, and Raast, Pakistan's Instant Payment System. The integration of Raast with Buna aims to facilitate Cross-border Remittances between the Arab region and Pakistan through formal channels. This initiative will benefit individuals as well as businesses not only through instant, safe and cost-effective cross border payments, but also by strengthening economic, financial, and investment ties between the Arab countries and Pakistan.

4. Standardization of Purpose List for Domestic Electronic Fund Transfers:

In order to standardized the list of purposes for electronic funds transfer across internet and mobile banking channels of all regulated entities (banks, MFBs, EMIs, PSOs and PSPs) and to provide

convenience to the customers, a standardized list was prepared after consultation with the banking industry. SBP instructed to all its regulated entities to implement the standardized list through PSP&OD Circular Letter No. 03 of 2023 dated November 22, 2023 accessible at the following link: <https://www.sbp.org.pk/psd/2023/CL3.htm>

5. Adoption of Raast P2P:

In recent quarter, the adoption of Raast, Pakistan's instant payment system, has started to gain momentum, bringing about a gradual yet impactful shift in the financial landscape. Notably, transaction growth surged from 12% in the last quarter (Q1 FY24) to an impressive 32% in the current quarter (Q2 FY24). In terms of value, Raast P2P facilitated transactions worth PKR 2.3 trillion, a notable increase from PKR 1.7 trillion in Q1 FY24.

[illegible]

Annexures

A-1: Payment Systems Infrastructure

(Actual numbers)

	Q3-FY23	Q4-FY23	Q1-FY24 ^R	Q2-FY24 ^P
Commercial Banks	33	33	33	33
Microfinance Banks (MFBs)	11	11	11	11
Development Financial Institutions (DFIs)	9	9	9	9
Payment Service Operators (PSOs)/ Service Providers (PSPs)*	5	5	5	5
Electronic Money Institutions (EMIs)*	4	4	4	5
Branchless Banks	16	16	16	16
PRISM Participants	59	59	59	59
Commercial Banks/ MFBs Branches	17,516	17,693	17,768	18,178
<i>of which;</i>				
<i>Real Time Online Branches</i>	17,369	17,547	17,625	18,034
<i>Manual Branches</i>	64	64	63	64
<i>Overseas Branches</i>	83	82	80	80
ATMs	17,678	17,808	18,117	18,441
Point-of-Sales (POS) Machines	112,302	115,288	118,444	121,789
Internet Banking Users	9,329,747	9,636,899	10,285,927	10,840,615
Mobile Phone Banking Users	15,263,801	16,061,403	15,084,947	16,297,328
Call Centers/ IVR Banking Users	36,968,162	37,573,162	38,371,301	39,192,444
e-Wallets by EMIs	1,605,865	2,015,764	2,383,262	2,741,500
Mobile Wallets by BBs	48,399,577	57,812,353	64,677,485	67,180,486
e-Commerce Merchants Registered with Banks	6,562	6,889	7,310	7,630
Merchants Registered with EMIs	4,955	4,956	4,954	4,954
Freelancers Registered with EMIs	40,059	46,809	62,596	74,273
Branchless Banking Agents	627,886	630,033	640,953	649,992

*Includes only commercial licensed

P: Provisional | R: Revised

A-2: Composition of Payment Cards issued by Banks, MFBs, EMIs and BBs

(In unit number)

Payment Card Category	Q3-FY23	Q4-FY23	Q1-FY24	Q2-FY24
A - Total Cards issued by Banks/ MFBs	45,995,943	44,466,703	45,679,593	48,346,845
Credit Cards	1,931,345	2,013,118	2,069,692	2,003,943
Debit Cards	34,737,526	33,872,829	35,112,867	38,901,175
Pre-Paid Cards	96,339	95,358	90,965	90,873
Social Welfare Cards	9,230,733	8,485,398	8,406,069	7,350,854
B - Total Cards issued by EMIs	2,372,708	2,828,042	3,221,682	3,486,805
Debit Cards	2,372,708	2,828,042	3,221,682	3,486,805
C - Total Cards issued by BBs*	4,038,651	4,334,792	5,389,244	7,337,019
Debit Cards	3,699,234	3,991,161	4,370,360	5,973,405
Pre-Paid Cards	7,870	13,495	21,901	54,443
Social Welfare Cards	331,547	330,136	996,983	1,309,171
Overall Cards (A+B+C)	52,407,302	51,629,537	54,290,519	59,170,669
Credit Cards	1,931,345	2,013,118	2,069,692	2,003,943
Debit Cards	40,809,468	40,692,032	42,704,909	48,361,385
Pre-Paid Cards	104,209	108,853	112,866	145,316
Social Welfare Cards	9,562,280	8,815,534	9,403,052	8,660,025

*Number of cards issued under Branchless Banking has been revised for all quarter due to misreporting by BBs

P: Provisional | R: Revised

A-3: Large Value Transactions (PRISM – RTGS)

(Volume in thousands & Value in Trillion-PKR)

Transaction Type	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Government Securities	19.9	109.2	18.8	118.4	19.0	133.9	25.3	191.0
Inter-Bank Fund Transfers	96.8	33.2	89.9	37.8	91.5	42.2	97.7	53.6
3rd Party Customer Transfers	1,133.9	21.9	1,116.5	20.7	1,312.6	23.2	1,351.4	25.2
Ancillary Clearing Settlement	17.9	7.2	14.1	6.1	-	-	6.7	2.9
Total Transactions	1,268.5	171.5	1,239.3	183.1	1,423.1	199.3	1,481.1	272.7

P: Provisional | R: Revised

A-4: Retail Value Payments (Banks, MFBs and EMIs)

(Volume in Million & Value in Billion-PKR)

Transactions Channel	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATM	202.3	3,121.0	220.0	3,409.3	214.1	3,289.8	235.0	3,709.2
Point-of-Sale (POS)	51.7	282.7	56.6	307.5	59.0	321.9	65.1	371.4
Internet Banking	40.8	4,139.8	45.6	4,567.6	49.8	4,666.1	57.1	5,369.3
Mobile Phone Banking	179.7	6,784.0	195.7	7,459.1	217.4	8,644.9	279.9	11,226.2
Call Center /IVR Banking	0.0	1.9	0.0	1.9	0.0	2.0	0.0	1.9
E-Commerce Gateway	6.4	36.6	8.2	37.7	9.6	39.6	10.9	50.5
E-Wallet	9.7	21.3	12.7	29.7	15.4	37.0	20.1	50.8
Over-the-Counter (OTC)	148.3	86,693.3	135.0	93,607.4	142.3	117,573.2	148.2	119,546.7
Total Payments	639.0	101,080.6	673.8	109,420.2	707.6	134,574.4	816.3	140,325.8

* Transfers within same bank through Real-time-Online Branches (RTOB)

** Transfers between different banks or financial institutions

P: Provisional | R: Revised

A-5: Funds Transfer Transactions

(Volume in Million & Value in Billion-PKR)

Transactions through	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATM	4.1	222.5	4.2	219.4	4.3	222.6	4.5	231.8
Internet Banking	34.1	3,243.6	38.6	3,717.0	42.4	3,824.1	49.3	4,427.5
Mobile Phone Banking	147.2	6,240.1	161.7	6,827.0	181.5	7,909.2	238.0	10,432.8
Call Center /IVR Banking	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Bank Branch (intra-bank)*	26.5	45,635.5	19.9	50,697.6	23.1	74,403.1	14.5	32,528.9
Bank Branch (inter-bank)**	7.8	7,682.7	8.9	8,670.9	8.9	8,970.0	18.3	52,207.7
E-Wallet	6.5	19.8	8.5	25.6	10.6	34.2	15.0	47.6
Total Funds Transfer	226.2	63,044.2	241.7	70,157.6	270.7	95,363.3	339.6	99,876.4

* Transfers within same bank through Real-time-Online Branches (RTOB)

** Transfers between different banks or financial institutions

P: Provisional | R: Revised

A-6: POS Purchases

(Volume in Million & Value in Billion-PKR)

Transactions through	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Domestic issued Cards	48.8	255.8	54.4	285.3	56.4	298.4	61.5	342.7
Foreign issued Cards	2.7	16.8	2.1	13.1	2.4	15.4	3.5	20.5
Total POS Purchases	51.6	272.6	56.4	298.4	58.9	313.8	65.0	363.2

P: Provisional | R: Revised

A-7: E-Commerce Purchases

(Volume in Million & Value in Billion-PKR)

Transactions through	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Domestic issued Cards	5.5	26.0	6.8	25.5	8.7	28.7	9.4	36.1
Foreign issued Cards	0.9	10.6	1.4	12.2	0.9	10.8	1.4	14.4
Total E-Commerce Purchases	6.4	36.6	8.2	37.7	9.6	39.6	10.9	50.5

P: Provisional | R: Revised

A-8: Bill Payments & Mobile Top-ups

(Volume in Million & Value in Billion-PKR)

Transactions through	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATM	1.0	5.7	1.1	8.1	0.3	6.8	0.3	4.5
Internet Banking	5.5	208.6	5.6	254.2	6.0	276.9	6.3	307.1
Mobile Phone Banking	23.8	140.3	24.7	170.2	26.2	260.6	31.5	269.2
Call Center /IVR Banking	0.0	0.2	0.0	0.2	0.0	0.4	0.0	0.4
Bank Branch	13.5	373.3	12.8	447.0	15.9	620.4	15.2	603.7
E-Wallet	1.5	1.4	2.1	1.9	1.9	2.3	2.1	2.6
Total Purchases	45.3	729.5	46.3	881.6	50.4	1,167.4	55.4	1,187.4

P: Provisional | R: Revised

A-9: Cash Withdrawals

(Volume in Million & Value in Billion-PKR)

Transactions through	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATM	196.4	2,804.3	213.8	3,083.6	208.5	2,953.7	229.2	3,368.1
POS	0.2	10.1	0.1	9.1	0.1	8.1	0.1	8.2
Bank Branch	48.3	11,430.5	47.9	11,382.4	44.8	10,245.9	49.4	10,937.0
EMI Agent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Withdrawals	244.8	14,244.9	261.9	14,475.1	253.5	13,207.7	278.7	14,313.2

P: Provisional | R: Revised

A-10: Cash/ Cheque Deposits

(Volume in Million & Value in Billion-PKR)

Transactions through	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
CDM/ CCDM	0.8	88.3	0.9	98.0	1.0	106.6	1.0	104.6
Bank Branch	49.4	12,703.5	42.9	13,188.4	47.1	14,075.7	48.3	13,890.6
EMI Agent	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Total Deposits	50.2	12,791.9	43.8	13,286.5	48.1	14,182.3	49.4	13,995.3

P: Provisional | R: Revised

A-11: Paper-Based Instruments Payments

(Volume in Million & Value in Billion-PKR)

Transactions through	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Bank Branch (via Pay Order/ Demand Draft)	2.0	3,651.9	1.8	3,433.4	1.8	3,470.0	1.6	3,060.9
Bank Branch (via Direct Debit*)	0.6	4,499.9	0.6	4,783.9	0.6	4,706.7	0.6	4,969.2
Total Payments	2.7	8,151.9	2.4	8,217.3	2.4	8,176.7	2.2	8,030.1

* Standing instructions by the customer authorizing bank to pay bills and make recurring payments

P: Provisional | R: Revised

A-12: Miscellaneous Transactions

(Volume in Million & Value in Billion-PKR)

Transactions Through	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
ATM	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2
Internet Banking	1.2	687.6	1.3	596.3	1.4	565.1	1.5	634.7
Mobile Phone Banking	8.7	403.7	9.3	461.9	9.6	475.1	10.3	524.1
Call Center /IVR Banking	0.0	1.6	0.0	1.6	0.0	1.5	0.0	1.5
Branch – Other Instruments	0.1	715.9	0.2	1,003.8	0.1	1,081.3	0.2	1,348.4
E-Wallet	1.7	0.1	2.2	2.3	2.9	0.5	3.1	0.6
Total Payments	11.8	1,809.0	13.0	2,066.0	14.1	2,123.6	15.1	2,509.5

These transactions mainly comprise of tax payments, invoice based payments, donations etc.

P: Provisional | R: Revised

A-13: Payment Card Transactions

(Volume in Million & Value in Billion-PKR)

Transactions Through*	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Transactions at ATMs								
Debit Cards	199.7	3,038.9	217.2	3,316.0	214.9	3,213.6	233.8	3,616.5
Credit Cards	0.1	1.6	0.1	1.6	0.1	1.8	0.1	1.8
Pre-Paid Cards	0.0	0.1	0.0	0.2	0.0	0.1	0.0	0.2
Social Welfare Cards	0.3	1.2	0.2	0.6	0.1	0.4	0.2	0.4
Total Transactions	200.2	3,041.9	217.5	3,318.4	215.2	3,215.9	234.2	3,618.9
Transactions at POS Machine (Card Present Transaction)								
Debit Cards	39.0	195.8	43.8	214.9	48.0	226.9	52.2	256.1
Credit Cards	14.5	107.9	16.1	110.5	16.7	119.0	17.3	129.0
Pre-Paid Cards	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Transactions	53.5	303.8	59.8	325.5	64.7	345.9	69.5	385.2
Transactions at E-Commerce Platform (Card-not-Present Transaction)								
Debit Cards	12.0	49.8	12.6	52.0	14.1	62.3	13.8	62.8
Credit Cards	3.6	35.9	3.5	37.7	4.3	43.6	5.3	45.0
Pre-Paid Cards	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Total Transactions	15.6	85.7	16.1	89.8	18.5	106.0	19.1	107.9

* Includes domestic and international transactions (at ATMs, POS and E-Commerce) carried out through domestically issued cards by Banks, MFBs and EMLs

P: Provisional | R: Revised

B: Raast Transactions

(Volume in Million & Value in Billion-PKR)

Transactions Through	Q3-FY23		Q4-FY23		Q1-FY24		Q2-FY24 ^P	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Bulk Payments	0.1	29.9	0.2	35.0	0.2	41.4	0.3	63.2
P2P Transfers	41.2	872.8	72.5	1,324.0	81.0	1,710.0	106.8	2,257.3
Total Raast Payments	41.3	902.6	72.7	1,359.0	81.2	1,751.5	107.1	2,320.5

C: A Short Guide to Using QR Code Payments

SBP has launched interoperable QR Code to facilitate digital payments where people can send funds to each other without typing long account numbers or IBANs. Further, this is also envisioned to replace cash based transactions particularly at small merchants/micro sellers who can display their QR code at their business locations to receive money through the digital channel. It is expected that this will play a pivotal role in enhancing the digital acceptance points in the country and will assist in moving towards SBP's goal of reducing currency in circulation.

Any account holder of a bank can generate QR code from the mobile banking app /internet banking. This is designed to be an interoperable QR code; which simply means that a QR code generated by the mobile app of one bank can be scanned by the mobile apps of all other banks.

Customer Experience 01: Scanning QR Code without Amount



1. Customer scans the QR Code from mobile banking app

A mobile banking app screen displaying transaction details. It shows the IBAN: PK02BANK1234567812345678, Account title: Muhammad Ali, and a field to Enter Amount (PKR). Below this is a dropdown menu for Select Purpose: and two buttons: Proceed and Cancel.

2. The IBAN is auto fetched from the QR Code
3. The customer inputs amount (e.g. 5,000) and selects Purpose of Transaction

A mobile banking app screen showing a confirmation prompt. It asks: Are you sure you want to transfer PKR 5000 to Muhammad Ali. Below the text is a line: Click OK to continue. At the bottom are two buttons: OK and Cancel.

4. Title Fetch screen is displayed to confirm whether the funds are being transferred to the intended recipient

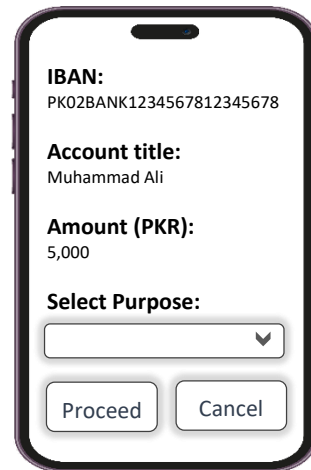
A mobile banking app screen showing a successful payment confirmation. It features a green checkmark icon and the text: PAYMENT SUCCESSFUL. Below this, it says: You have successfully transferred PKR 5000 to Muhammad Ali. At the bottom, it displays the Trx. Reference no: 23174635.

5. Confirmation screen is displayed once funds are transferred

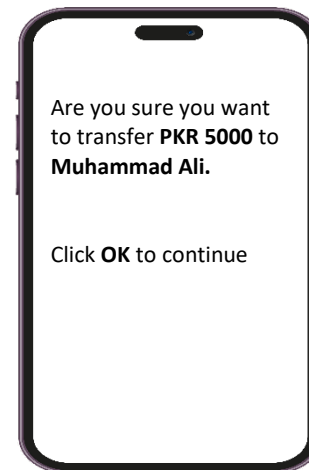
Customer Experience 02: Scanning QR Code with Amount



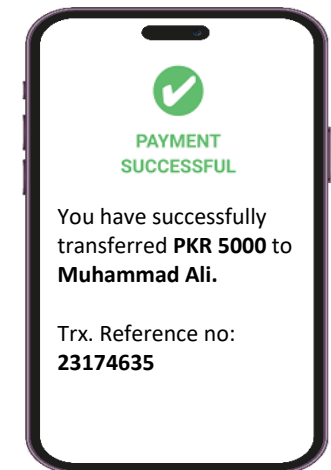
1. Customer scans the QR Code from mobile banking app



2. The IBAN and Amount is auto fetched from the QR Code



3. Title Fetch screen is displayed to confirm whether the funds are being transferred to the intended recipient



4. Confirmation screen is displayed once funds are transferred

Acronyms

ADC	Alternate Delivery Channel
ATM	Auto Teller Machine
BB	Branchless Banking
DFI	Development Finance Institution
CCDM	Cash and Cheque Deposit Machine
CDM	Cash Deposits Machine
CNP	Card Not Present
IVR	Interactive Voice Response
MFB	Microfinance Bank
OTC	Over the Counter
POS	Point-of-Sale
PRISM	Pakistan Real-time Interbank Settlement Mechanism
PSP&OD	Payment Systems Policy and Oversight Department
RTGS	Real-Time Gross Settlement System
RTOB	Real-Time Online Branches
EMI	Electronic Money Institutions
PSOs	Payment System Operators
PSPs	Payment Service Providers

Disclaimer

The statistics and analysis are based on the data received from Commercial Banks, Microfinance Banks, PSOs & PSPs and EMIs. Please note that the publication does not include transactional data pertaining to Branchless Banking. 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 review 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

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