



PAYMENT SYSTEMS DEPARTMENT

1st Quarter Report of

(July – September) FY2005-06.

1. RETAIL PAYMENT SYSTEMS OF PAKISTAN

During the first quarter of the FY2005-06 retail payment transaction (paper based and electronic), registered an increase of 16% in numbers and 10% in terms of amount over the previous quarter as against growth of 12% in number of transactions and 15% decline in amount, as shown in **Figure -1 and Table -1.**

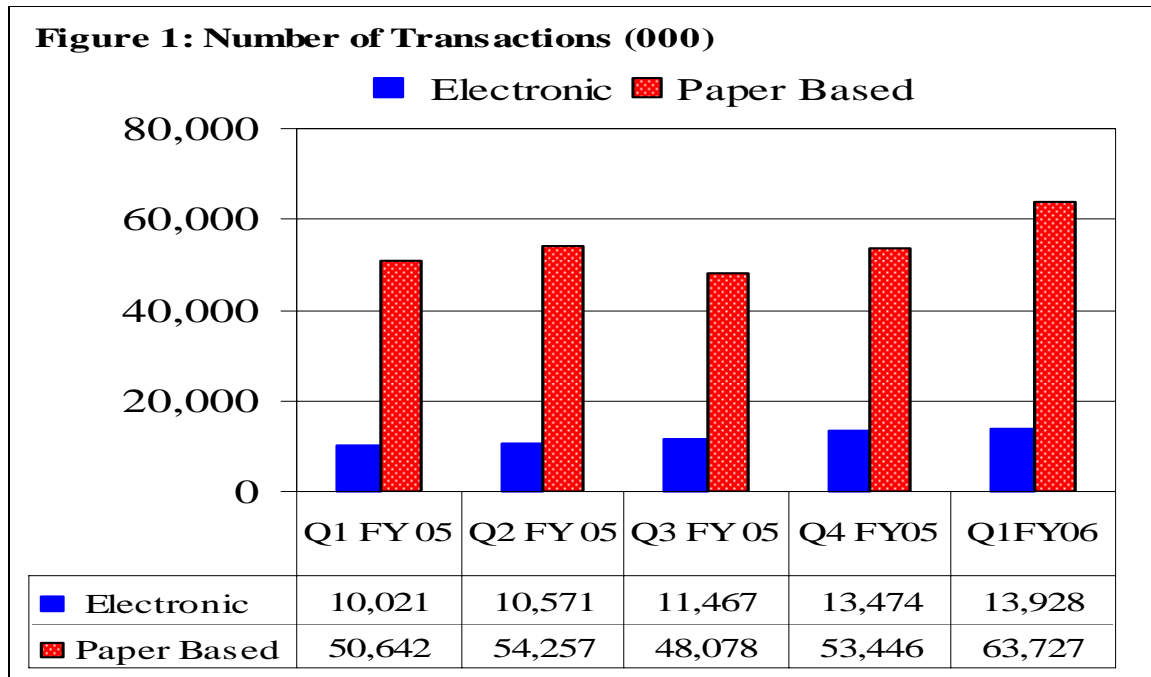




Table No.1: Volume Of Transactions In Terms of Amount

(Rupees in Billion)

Variable	Q1 FY05	Q2 FY05	Q3 FY05	Q4 FY05	Q1 FY06
Electronic Based	226	299	350	404	399
Paper Based	17,029	17,959	19,165	16,210	17,828

1.1 Paper Based

Paper based transactions during the current quarter showed growth of 19% in number of transactions and 10% in amount. While the growth rate was 11% and decline of 15% in case of number of transactions and amount respectively in the previous quarter.

1.2 Electronic Banking

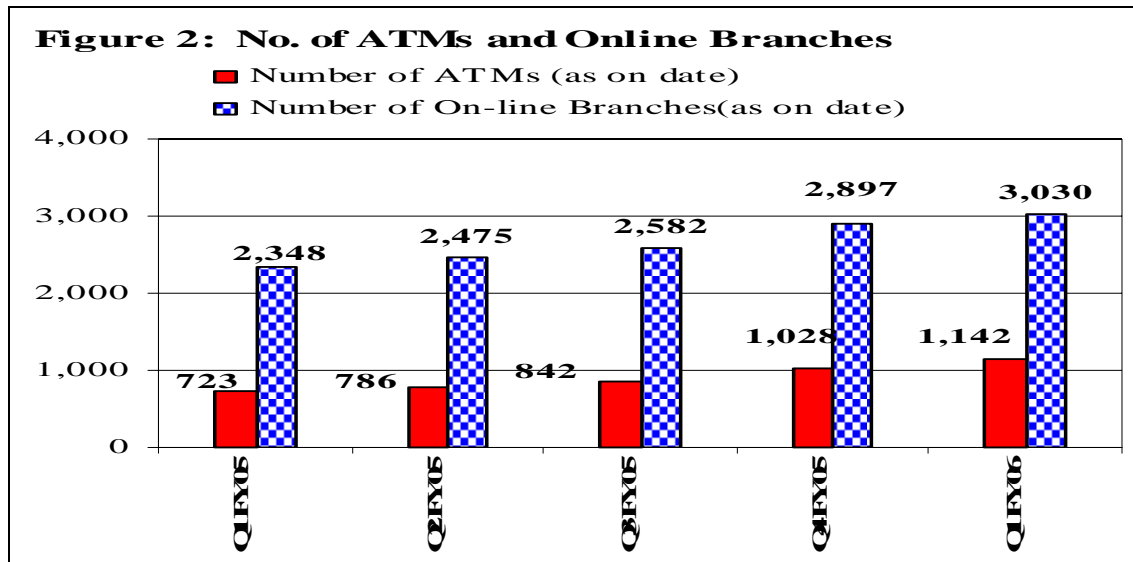
Electronic Transactions has posted growth of 5% in numbers of transactions and the amount showed a decline of 1% during the current quarter as against growth of 18% and 15% in case of number of transactions and amount respectively during the pervious quarter. This nominal decline in the amount of the electronic banking was because of shift from the high value to low value transactions in Real time on-line-Banking. Apart from the Real time on-line banking the growth was 3% in numbers of transactions and 77% in amount.



2. ELECTRONIC -BANKING IN PAKISTAN

2.1 Automated Teller Machines (ATMs)

During the Q1 of FY 2005-06 banks have added 114 new ATMs in their network, bringing the total at 1,142 registering a growth of 11% as compared to 22% in the last quarter. The continuous growth in the number of ATMs reflected the interest of the banks to provide better and efficient services to their customers, as shown in **Figure -2**.



2.2 Transactions through ATMs

Volume of ATMs transactions recorded 10.58 million valuing at Rs. 60.778 billion during the reported quarter out of which 99% transactions were for cash withdrawal and 1% for other purposes (Cash Deposited, Payment of Utility bills and Account to Account fund transfers). The number of transactions on ATMs registered growth of 23% and the amount increased by 38% as against growth of 12% and 10% in the previous quarter.



2.2.1 Funds Transfers:

During Q1 of FY 2005-06, 0.031 million transactions valuing Rs.278.72 million of funds transfer were executed using ATMs as such registered a growth of about 149% and amount by 35% as compared to the growth of only 2% and 1% in the previous quarter.

2.2.2 Cash Deposits (New Variable):

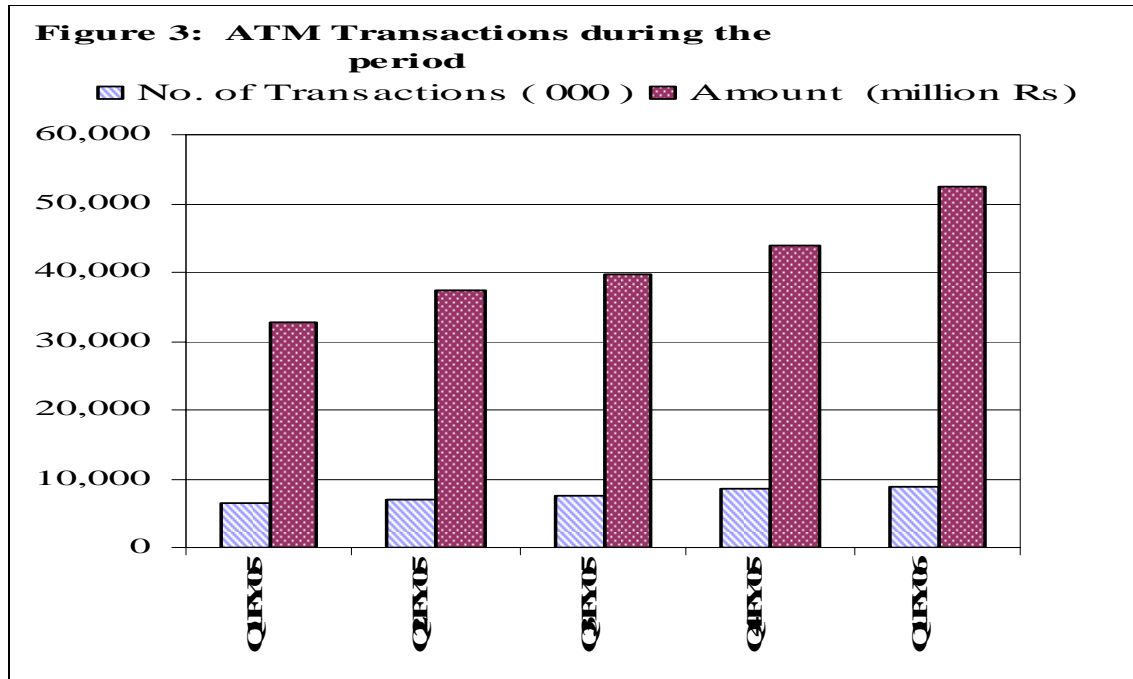
Only two banks were providing the facility of cash deposit through ATMs. During Q1 FY2005-06 only 2,330 transactions were reported in this category.

2.2.3 Utility Bills Payment (New Variable):

Again this facility was also provided by only two banks and reported 6,430 numbers of transactions during the Q1 of FY2005-06.

2.2.4 Average Size:

A total number of 117,600 transactions per day were executed on ATM during current quarter as compared 95,100 transactions per day in previous quarter. As such the day per ATM transaction stands at 84 where as amount per day per ATM remained at about same figure i.e. 0.500 million. As shown in **Figure-3**.



2.3 Real Time Online Bank Branches:

Similarly online branch network is expanding to meet the funds movement needs of the customers. This quarter witnessed the addition of 133 new branches into online network. The coverage of online branches as a percentage of total branches has also increased from 41% of the previous quarter to 43% percent in the current quarter. As such the total number of online branch network reached at 3,030 out of total branch network of 7,077 reported by the banks.

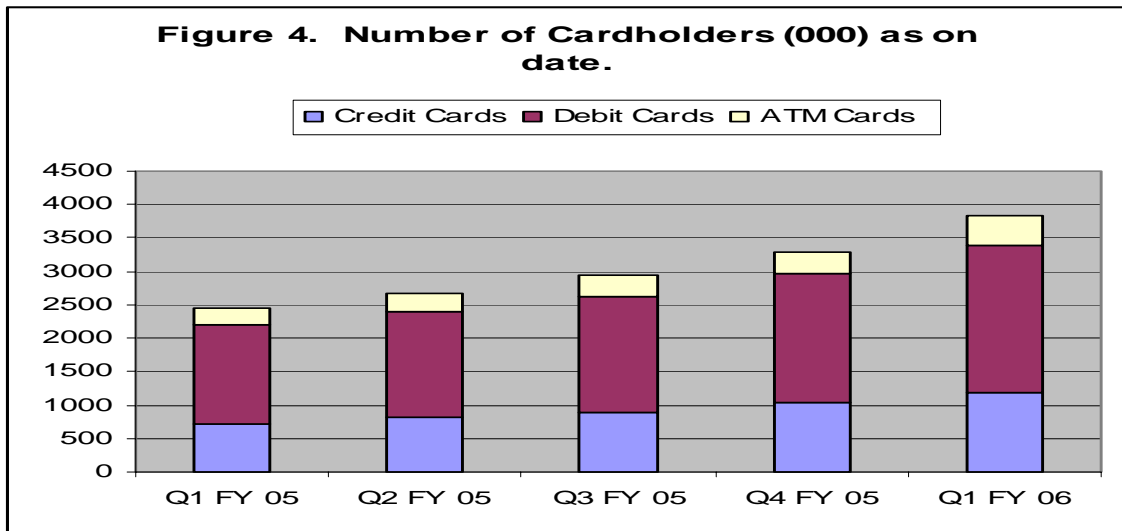
2.3.1 Real Time Online Banking

During Q1 FY2005-06 number of transactions increased from 0.978 million to 1.217 million, showing a growth of 24% however, the amount decreased by 11% over the last quarter.



2.4 Number of (Credit/Debit/Smart) Cardholders:

By the end of the Q1 of the current financial year number of credit, debit, smart and ATM cardholders increased from 3.30 million to showing growth rate of 8 % as compared to 12% during the previous quarter, as shown in **Figure -4**.



2.4.1 Credit cards:

Total number of credit cards reached to 1.181 millions from 1.041 million registered a growth of 13% as compared to 16% in the preceding quarter.

2.4.2 Debit Cards:

Total number of debit cards increased from the previous quarter figure of 1.933 million to 2.197 million in the current quarter, showing a growth rate of 14% as compared to 13% growth rate in the preceding quarter.



2.4.3 ATM Cards:

Because of convenience ATM cards are now being converted to Debit Cards, as such the total numbers of these Cards decreased to 0.068 million from the figure of 0.307million.

2.4.4 Smart Cards (New Variable):

Banks are now introducing chip based SMART Cards which offer high level of security. Presently only two banks are issuing the Smart Cards and total number of smart cards issued by the end of the Q1 of FY2005-06 was 0.111 million.

2.5 POS (Point of Sale) Transactions

The use of Debit Card is gaining momentum and its use at Merchant's locations. The number of transactions was 2.133 million valuing at Rs.5.136 billion.

2.6 Call Centre Banking (New Variable):

Banking through Call Centre is also one of the Electronic Banking Channel and number of transactions reported during the Q1 of FY2005-06 was 0.159 million involving the amount of 7.437 billion.

2.7 Internet Banking (New Variable):

Internet Banking was getting momentum and during Q1 of FY2005-06 number of transactions was 0.058 million and the amount involved was 3.635 billion. Most of the banking activity on internet was account to account funds transfer.



2.8 Contribution of ATMs, POS and Real Time Online Banking in E-

Banking Operations.

ATM is commonly used for cash withdrawal of small value. Therefore, the share of ATMs in the number of transactions out of total number of electronic transactions is highest 71%. Similarly, the share of Online Banking, POS, Call Centre and Internet Banking in the total E-Banking business was 16%, 12%, 1% and 0% respectively. As reflected in the **Figure.5 & 6.**

