

QUARTERLY
**Branchless
Banking**
Issue 18
NEWSLETTER

Oct-Dec 2015



Leveraging Technologies and Partnerships
to Promote Financial Inclusion

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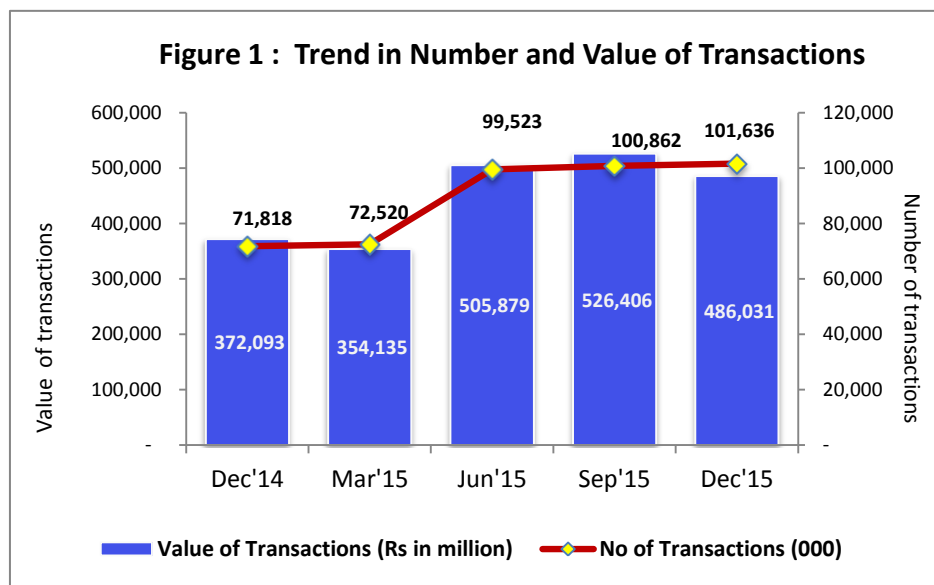
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Executive Summary

During the quarter Oct-Dec 2015, significant developments were observed in almost all indicators of branchless banking.

The number of branchless banking accounts increased by 2.1 million, bringing the aggregate number of accounts to 15.3 million as of December 2015. In addition, the agent

network grew by 12.7% to reach 301,823 agents. Out of the total agents, 77% are serving actively while 36% have the ability to open a customer's account at their location.



To improve efficiency and ease of BB account registration, 2,786 biometric devices were installed on agent locations during the quarter under review. As of December 2015, a total of 53,934 biometric devices have been installed at various locations and the infrastructure has facilitated opening of 76% of the new accounts opened during the quarter (i.e 1.6 million accounts out of the 2.1 million newly opened accounts). The growth in BB accounts is even more exciting considering that the industry itself projected to achieve 10.4¹ million m-wallets till Dec-2015, however, the actual growth has surpassed the projections by almost 47%. In addition, when compared to the previous year, the number of accounts have almost tripled from Dec-14 to Dec-15, which corroborates the existence of enormous potential in the market.

The number of transactions grew from 100.8 million in the last quarter to 101.6 million in the quarter under review, showing a marginal growth of 0.8%. However a decline was seen in the value of transactions which fell from previous quarter's Rs. 526 billion to Rs. 486 billion during the quarter under review. The average size of transaction remained Rs. 4,782 which shows that the BB channel is facilitating the low-income segments to meet their financial needs. An average of 1.1 million transactions were performed on a daily basis whereas the average deposits in accounts grew to Rs. 576 from Rs. 522 in the previous quarter. The BB channel was used for various transactions such as cash deposits and withdrawals, Person to Person transfers, utility bill payment, mobile top-ups and G2P payments. However, there is a requirement to develop consumer centric financial products and services, to offer solutions for customers that can drive usage from the branchless banking channel.

Even though the usage of branchless banking services did not increase in relation to the growth in accounts, however, there is a promising shift within the transactions from OTC to m-wallets. During the quarter, the ratio of m-wallet to OTC customer oriented transactions increased by 3%, reaching 34%, from 31% recorded in the previous quarter. The continuous rising trend of this ratio depicts that the customers are gradually shifting their preferences from OTC to the m-wallet channel, which is a positive indicator to foster financial inclusion and demonstrate that with the right infrastructure and incentives, the potential of gradually shifting towards a cash-lite society exists.

Branchless banking remained to serve as the primary channel for government welfare payments, and facilitated G2P disbursements of Rs. 18.71 billion to 4.71 million beneficiaries during Oct-Dec 2015. In terms of value of G2P disbursements, BISP remained the major player by disbursing Rs. 15.4 billion

Agricultural Credit & Microfinance Department

¹ In the 4th meeting of Branchless Banking Consultative Group, the BB industry projected to register 10.4 million BB accounts till Dec-15

to 3.7 million beneficiaries, followed by IDP program (Rs. 2.6 billion to 113,598 beneficiaries) and World food program (Rs. 337 million to 267,454 beneficiaries).

Going forward, it is important to understand the needs of the low income segments to develop appropriate products for the target demographics. The focus should be on adding value to the branchless banking channel and drive usage in addition to access. Though a few players are actively working towards this end, a concerted industry effort will be paramount in order to increase adoption of the BB channel for unprecedented advancements for financial inclusion in the country.

Table 1: BB Key Indicators

Indicators	Jul-Sep 2015	Oct-Dec 2015	Quarterly Growth
Number of Agents	267,914	301,823	12.7%
Number of Active BB Agents	211,249	232,637	10.1%
Number of Accounts	13,192,396	15,322,171	16.1%
Deposits as of date (Rs. in millions)	6,890	8,827	28.1%
Number of transactions during the quarter (No. in '000')	100,862	101,636	0.8%
Value of transactions during the quarter (Rs. in millions)	526,406	486,031	-7.7%
Average Size of transaction (in Rs.)	5,219	4,782	-8.4%
Average number of transaction per day	1,120,687	1,129,288	0.8%

Number of Branchless Banking transactions continue to fly above 100 million mark

The number of BB transactions, for the second consecutive quarter, remained above 100 million, reaching 101.6 million. Out of the total transactions, customer oriented transactions had a share of 95% with 96.6 million transactions, while the remaining 5 million were agents' transactions for liquidity purpose.

The customer oriented transactions are further divided into Over The Counter-OTC and m-wallet transactions which remained 63.5 million and 33.1 million in volume, enjoying a share of 65.8% and 34.2% respectively.

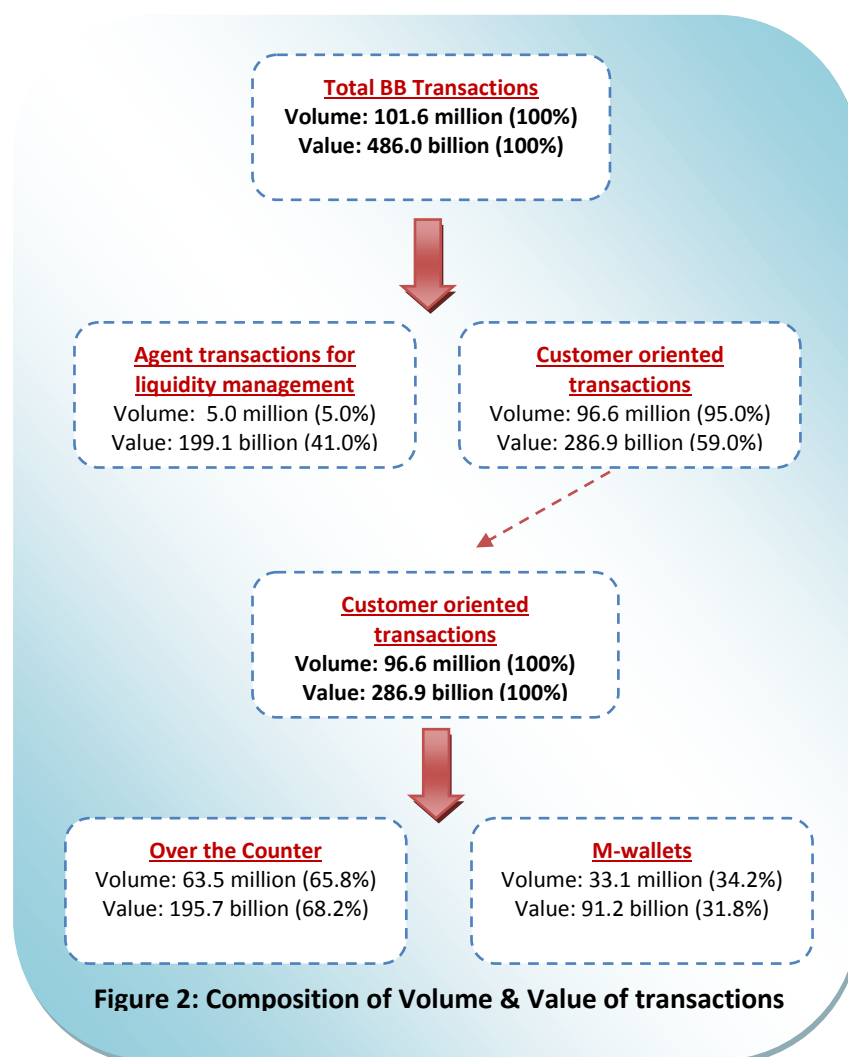
The value of BB transactions experiences a decline during the quarter

A 7.6% decline was observed in the value of BB transactions, which fell to Rs. 486 billion from the previous quarter's 526.4 billion, owing to 4.2% and 10% decline in agent transactions for liquidity purpose and customer oriented transactions, respectively. The value of customer oriented transactions remained 286.9 billion with a share of 59% in total transactions while agent transactions stood at 199.1 billion with a share of 41%.

Customer-oriented transactions marginally increase in volume amid decline in value

The customer oriented transactions witnessed a 10% decline in value, falling from Rs. 318.5 billion to Rs. 286.9 billion.

This was attributed to a sizeable decrease of Rs. 22 billion in utility bills payments, Rs. 8 billion in person to person transfers and Rs. 1.7 billion in G2P payments. On the other hand, the cash deposited in m-wallets and wallet-to-wallet transfers exhibited a quarterly growth of Rs. 2.2 and Rs. 2 billion respectively. This indicates that the preferences of BB customers are slightly shifting from OTC channel to m-wallets for the purpose of domestic remittances, which is a positive signal to increase activity in mobile-wallets.

**Figure 2: Composition of Volume & Value of transactions**

In volume, the customer oriented transactions showed a marginal increase of 0.5%, increasing from 96.1 million to 96.6 million. The mobile top-up transactions progressed by 1.1 million, followed by 0.7 million in cash deposits in m-wallets. The utility bill payments through m-wallets, which hold the prospects for regular m-wallet usage, increased by 0.5 million in number, rising to a total of 1.9 million.

Figure 3: Break-up of OTC transactions

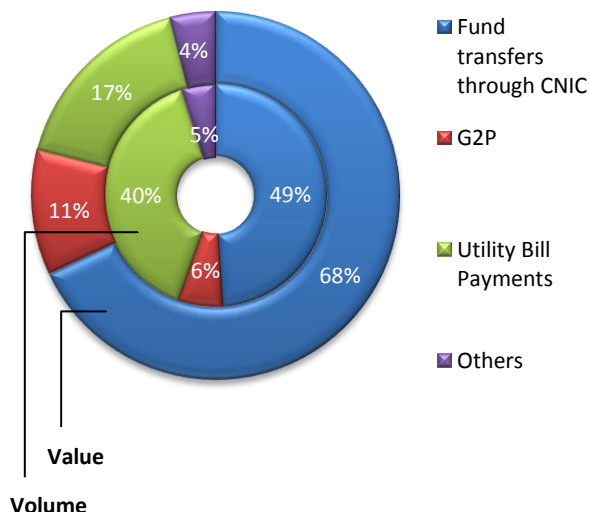
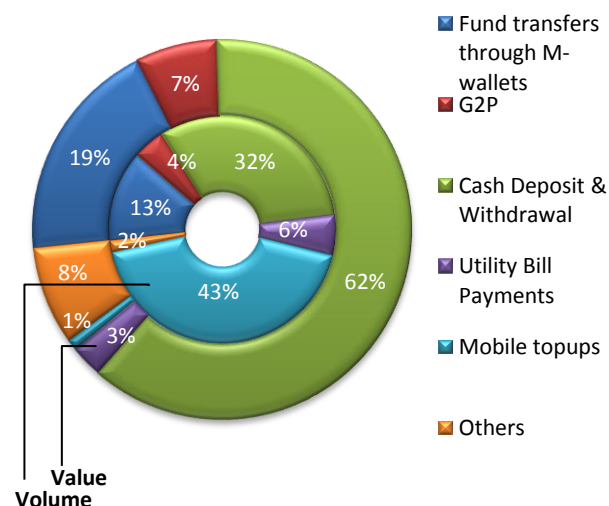


Figure 4: Break-up of m-wallet transactions



Figures 3 and 4 show the break-up of OTC and m-wallet transactions. The OTC transactions, both in volume & value were dominated by Fund transfers through CNIC and utility bills payments. In terms of value, the growth in m-wallet transactions was driven by cash deposits & withdrawals, followed by utility bills payments and G2P; whereas the growth in volume came predominantly from mobile top-ups, followed by cash deposit and withdrawals, and utility bills payments.

M-wallet to OTC ratio keeps progressing for the third consecutive quarter

The m-wallet to OTC ratio, which is the ratio between number of m-wallets and OTC transactions, maintained its upward trajectory during Oct-Dec 2016, reaching a proportion of 34%. This means that out of every 100 customer oriented transactions, 34 are made through m-wallets and the remaining are through the OTC channel..

Figure 5: Periodic trend of M-wallet to OTC transaction ratio

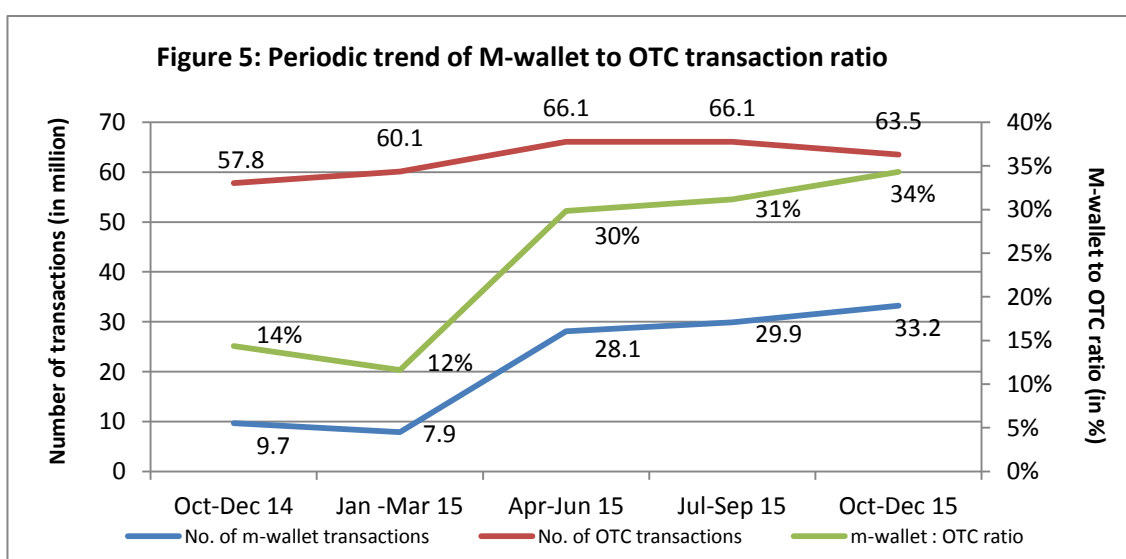
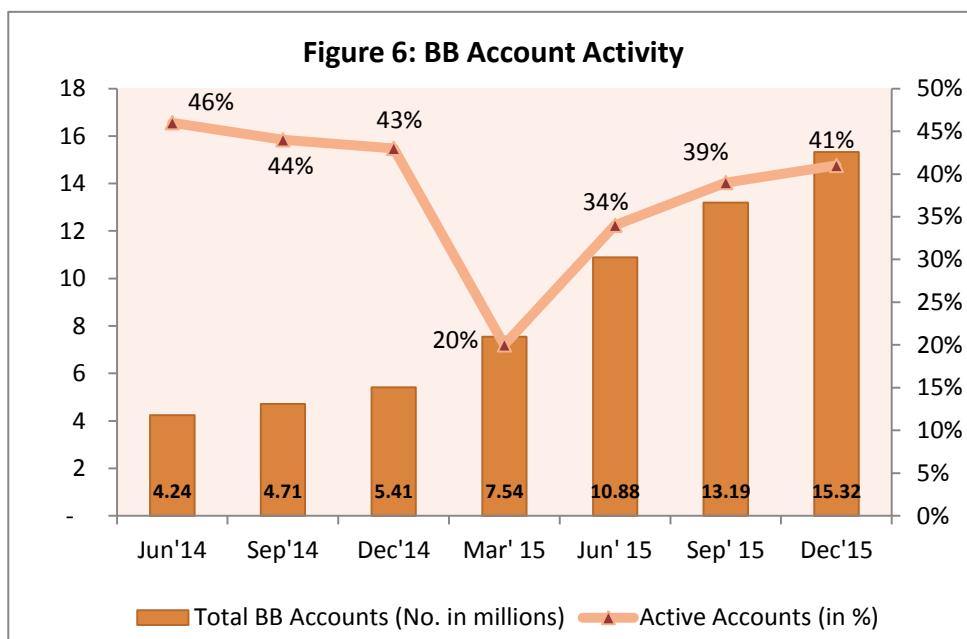


Figure 5 illustrates the steady improvement of this ratio which is showing an upward trend for the last 3 quarters. The decline in OTC transactions with corresponding increase in m-wallet transactions is also clear, showing encouraging signs for the shift from OTC to m-wallet channel. However, in order to maintain this growth momentum, new and innovative product offerings are required to bring value in the m-wallets for driving customer usage.

Number of m-wallets almost triples during the CY2015

During the quarter, 2.1 million new accounts were opened, taking the total number of BB accounts to 15.3 million. BB accounts are gradually being accepted and have grown almost three times in a single year from Dec-14 to Dec-15, as depicted in Figure 6.

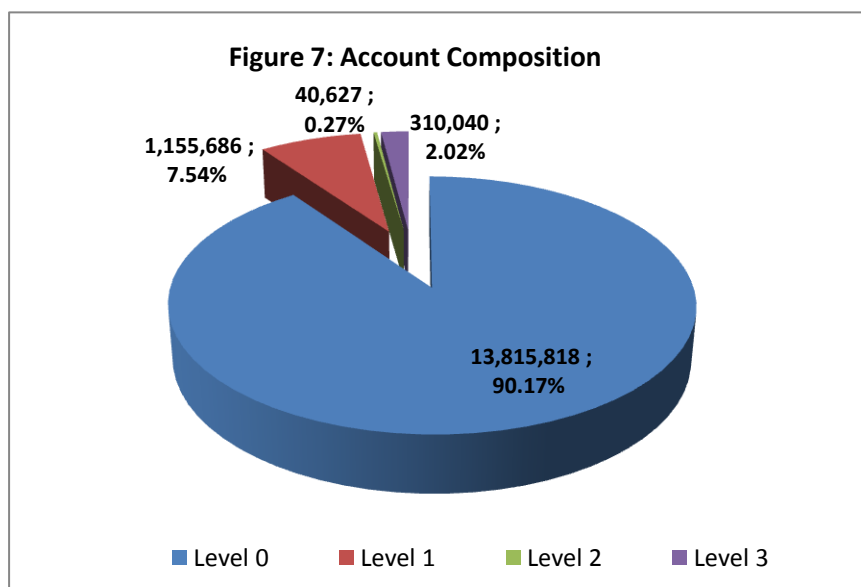
The National Financial Inclusion Strategy has set a target of ensuring that 50% of the adult population has a transactional account by 2020, up from 16% in 2015. It is important to note that the BB industry projected to register 10.4 million m-wallets till Dec-15; whereas the actual achievement is 47



percent above the projections. Given that within a year BB accounts have grown more than industry projections, the pace affirms that the digital financial sector is progressing in line with the NFIS. However, there is a dearth of value creation in m-wallets that can stimulate increased usage. This is an area which requires concerted industry focus. By providing seamless options for making digitized transactions via m-wallets, customers may start maintaining deposits in m-wallets and move from cash based towards cash lite transactional experiences.

The BB market is competitive and the players are reaching out to more customers each quarter. Out of the 2.1 million accounts opened during the quarter Oct-Dec 2015, Easypaisa and Mobicash opened 1 million and 0.8 million respectively. The player-wise contribution in accounts did not see any change as compared to the previous quarter, as Easypaisa remained the top contributor, followed by Mobicash and Omni with 9.8, 3.1 and 2 million accounts respectively.

Figure 7 illustrates the distribution of different levels of BB accounts, depicting that with a share of 90.17%, the majority of BB accounts are Level-0 accounts. This is followed by Level-1, 3 and 2 accounts, with shares of 7.54%, 2.02% and 0.27% respectively.



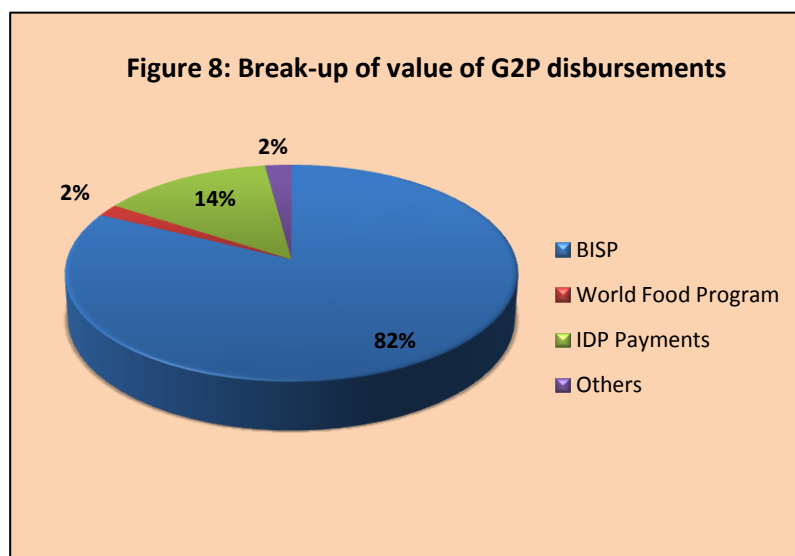
BB account activity progresses for the consecutive third quarter

Access to mobile wallets does not serve the purpose unless it drives usage through account activity. During this quarter, the active-to-total BB accounts ratio rose to 41% from 39% recorded in the previous quarter. Figure 6 illustrates the pattern of this ratio which remained the highest in Jun-14 standing at 46%. However, after hitting a historic low of 20% in Mar-15, a steady rise in the active accounts has been seen in these quarters showing that activity in accounts is reviving.

Government to Person payments decline

The G2P portfolio heavily relies on the branchless banking channel to disburse social welfare payments to the needy. The G2P portfolio facilitated 4.71 million beneficiaries to whom Rs. 18.71 billion were disbursed during the quarter under review. Figure 8 shows the program-wise distribution of value, with BISP leading the G2P portfolio with a share of 82%, followed by IDP payments and World Food program, with shares of 14% and 2% respectively.

Amongst the top 3 G2P facilitators, Omni led the market portfolio by disbursing Rs. 6.64 billion to 1.8 million beneficiaries, followed by Easypaisa and Mobilepaisa which disbursed Rs. 5.2 billion and 4.2 billion to 1.8 million and 1 million beneficiaries respectively.



Upaisa has also recently started facilitating digitized G2P payments which has increased the number of BB players providing G2P services to six, out of total nine BB players in the market.

Steady increase in agent network and activity

The agent network grew by 12.7% during the quarter and crossed the 300K mark, bringing the total network composition to 301,823 agents. The active agents remained at 232,637 whereas agent activity ratio slightly fell from 79% in the previous quarter to 77% during the quarter under review.

BB average deposits exhibit marginal increase

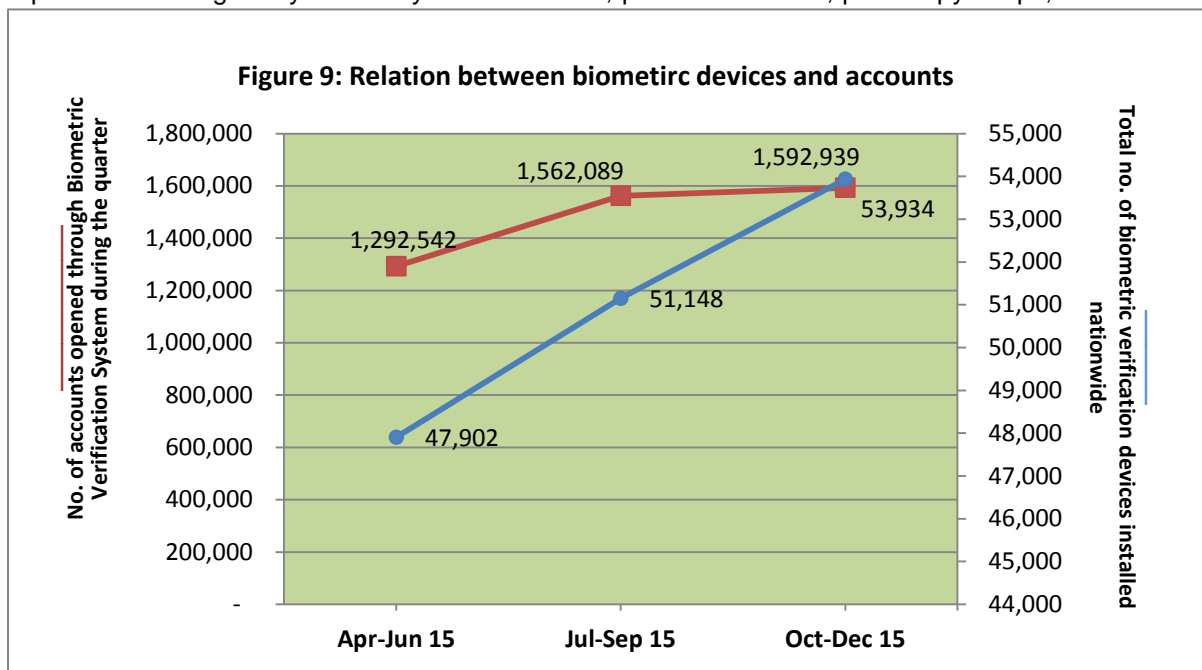
The average deposits in BB accounts marginally rose to Rs. 576 during the quarter under review from Rs. 521 in the previous quarter. Though the average amount of deposits rose in Level 0, 1 and 2 accounts, the average deposits in level 3 accounts showed a 40% decline, falling from Rs. 10,251 to Rs. 6,118. The need for product development to enable cash-lite experiences for the customers and incentivization to maintain deposits is imperative to raise the level of average deposits in BB accounts.

Table 2: Average Deposits in BB Accounts

Account type	Jul-Sep 15 Rs.	Oct-Dec 15 Rs.
BB Level 0	305	453
BB Level 1	383	497
BB Level 2	1,729	2,331
BB Level 3 (Agents)	10,251	6,118
Average BB Deposits	521	576

Industry continues to adopt biometric infrastructure

A total of 1,592,939 accounts were opened through the Biometric Verification System (BVS) during the quarter under review. This was achieved by a network of 53,934 biometric verification devices installed nationwide for account opening at agent locations. These agents comprise of customer touch points such as grocery/stationery/medical stores, public call offices, photocopy shops, airtime sellers,



telco sales & service centers and franchises etc. which provide an easy access to the excluded socio economic class to be attached to the formal financial stream. During the quarter, UBL Omni also started opening accounts through BVS. This has increased the number of players having biometric technology to three; with Easypaisa and Mobicash already being the early adopters.

Figure 9 shows the periodic trend analysis of the number of accounts opened through BVS and the number of biometric devices. The trend shows that both the BVS accounts opened during the quarter and aggregate number of devices are progressing with a steady pace. This momentum is vital to provide real-time, accurate and paperless account opening facility in every urban and rural locality of the country.

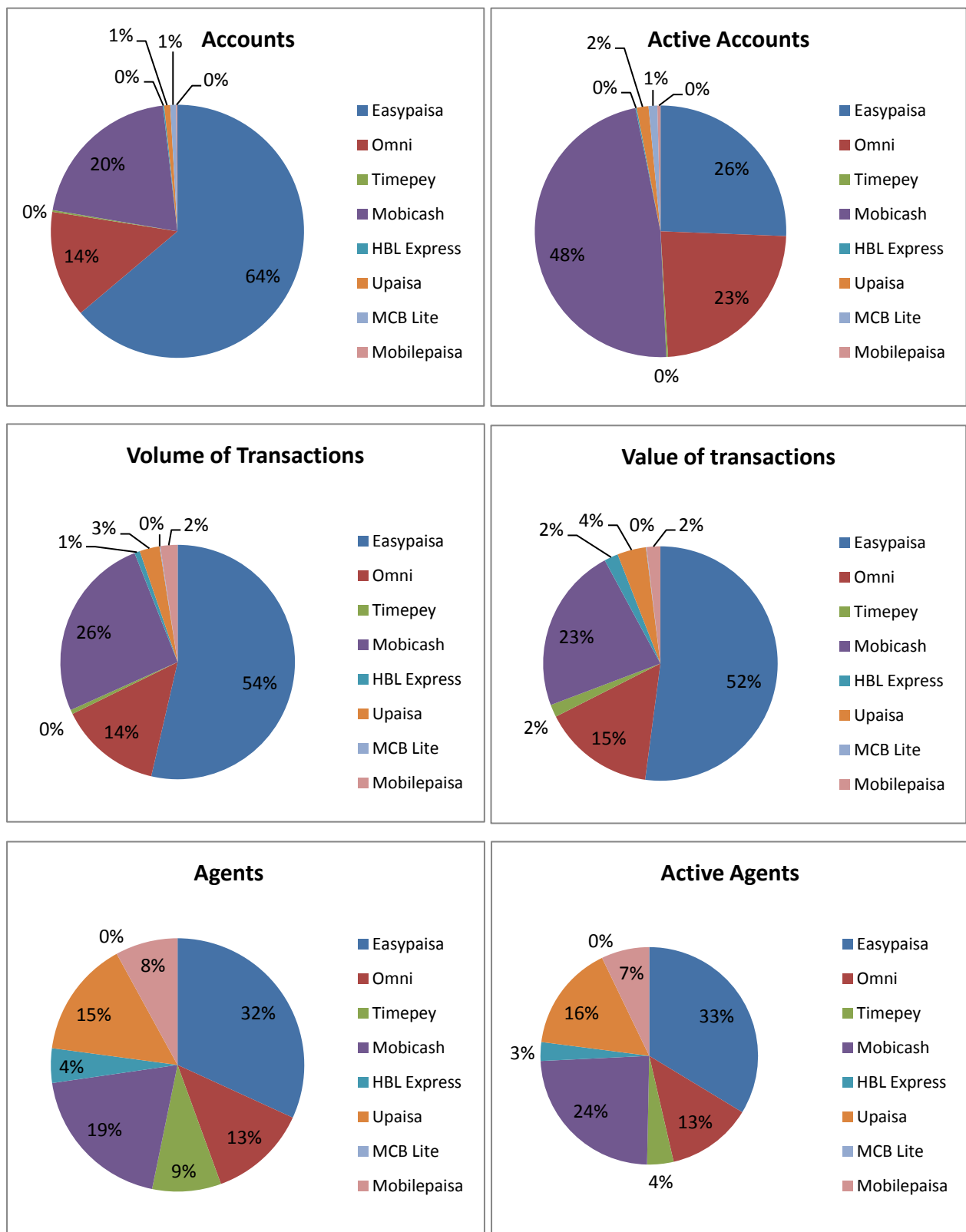
Out of the 33,909 agents added in the network during the quarter, only 9,252 were capable of opening accounts. The account opening capability at agent locations slightly decreased from 37% in the previous quarter to 35.9% during Oct-Dec 2015. The industry should invest in enhancing the account opening capability of agents, which are primary access points for account opening in the unbanked areas.

Table 3: Agent locations with account opening capability

	Jul-Sep 2015	Oct-Dec 2015
Easypaisa	26.8%	25.2%
Omni	100.0%	100.0%
Timepey	4.5%	4.5%
Mobicash	56%	54.7%
HBL Express	84.1%	84.6%
Upaisa	3.7%	2.7%
Mobilepaisa	1.5%	1.5%
Total	37.0%	35.9%

Player-wise market share

This new section has been added to disseminate the market share of each player:



Branchless Banking Snapshot

Table 4: Volume & Value of different types of transactions

S.#	Type of Transactions	Jul-Sep 2015		Oct-Dec 2015	
		Volume of Transactions (Numbers)	Value of Transaction	Volume of Transactions (Numbers)	Value of Transactions
1	Agent transfers for liquidity				
	Agent account to agent account	3,874,444	109,899,222,268	4,169,842	114,766,338,346
	Agent account to bank account	154,253	12,058,587,029	136,720	8,007,659,194
	Bank account to agent account	428,334	71,531,959,144	395,926	63,773,971,491
	Cash Deposit in L3 by agents	299,968	14,404,524,596	302,215	12,568,053,108
2	Fund Transfers				
	<i>a. Fund transfers through M-wallets</i>				
	MW to MW transfers	2,700,897	11,739,374,555	3,355,795	13,792,257,777
	MW to bank account transfers	13,819	164,995,842	10,379	105,040,270
	Bank account to MW transfers	24,965	300,940,456	24,517	343,687,709
	MW-to-person fund transfers	885,141	3,180,666,441	957,817	3,207,268,993
	<i>b. Fund transfers through CNIC</i>	-	-	-	-
	Person to person sending	15,338,728	68,939,803,756	14,994,949	64,825,504,964
	Person to person receiving	16,429,107	72,481,856,658	16,133,794	68,523,415,258
3	Bulk Payments				
	<i>a. Government to Person Payments</i>				
	G2P through MW	1,412,896	6,311,893,742	1,482,746	6,768,611,067
	G2P through card	2,253,405	10,083,685,905	2,229,989	9,702,382,031
	<i>b. EOBI Pensioners</i>	-	-	-	-
	Pension payment through MW	50,961	268,488,847	-	-
	Pension payment through OTC	17,408	120,061,262	-	-
	Salaries payments and Others	42,635	537,483,987	31,638	434,414,575
4	Cash deposit & withdrawal				
	Cash Deposited in MW (including person to MW transfers	5,418,634	29,401,351,889	6,167,137	31,545,057,155
	Cash Withdraw from MW	4,273,061	24,471,102,215	4,505,124	24,741,185,191
	Cash withdraw through card (G2P)	2,602,349	12,460,878,358	1,813,338	10,738,341,575
5	Bill payments & Top-ups				
	Utility Bills Payment	27,918,239	58,597,764,421	27,118,070	35,884,757,191
	Internet Bill Payments	376,133	649,267,750	354,324	502,628,321
	Mobile Top-ups	14,039,313	798,193,434	15,096,992	1,009,656,245
6	Loan				
	Disbursement	1,606	12,117,138	1,262	9,225,739
	Repayment	1,126,018	3,879,611,064	1,096,549	4,374,858,720
7	Others				
	Donations	37,282	2,672,899	9,999	7,447,502
	Retail Payments	224,574	212,115,959	247,425	238,108,809
	International Home remittance	22,593	646,990,814	17,981	540,214,641
	Account Opening Transactions	89,861	13,290,036	143,144	20,466,036
	Cash collection/payment services	398,395	5,428,733,082	452,970	2,716,761,716
	IBFT	406,794	7,808,494,615	385,294	6,883,700,065
	Total	100,861,813	526,406,128,162	101,635,936	486,031,013,689

Branchless Banking Snapshot

Table 5: Customer Transaction Analysis - OTC vs. M-wallets

Type of Transactions	OTC		M-Wallets	
	Volume of Transactions (Numbers)	Value of Transactions	Volume of Transactions (Numbers)	Value of Transactions
Fund Transfers				
Fund transfers through M-wallets				
MW to MW transfers			3,355,795	13,792,257,777
MW to bank account transfers			10,379	105,040,270
Bank account to MW transfers			24,517	343,687,709
MW-to-person fund transfers			957,817	3,207,268,993
Person to MW fund transfer	16,244	68,727,428		
Fund transfers through CNIC				
Person to person sending	14,994,949	64,825,504,964		
Person to person receiving	16,133,794	68,523,415,258		
Bulk Payments				
Government to Person Payments				
G2P through MW			1,482,746	6,768,611,067
G2P through card	2,229,989	9,702,382,031		
EOBI Pensioners				
Pension payment through MW				
Pension payment through OTC				
Salary payment and Others			31,638	434,414,575
Cash deposit & withdrawal				
Cash Deposited in MW (excluding person to MW transfers)			6,150,893	31,476,329,727
Cash Withdrawal from MW			4,505,124	24,741,185,191
Cash withdrawal through card (G2P)	1,813,338	10,738,341,575		
Bill Payments & Top ups				
Utility Bills Payment	25,212,985	33,464,021,268	1,905,085	2,420,735,923
Internet Bill Payments	318,720	448,801,606	35,604	53,826,715
Mobile Top-ups	865,486	121,874,384	14,231,506	887,781,861
Loan				
Disbursement	1,262	9,225,739	-	
Repayment	1,090,996	4,354,691,973	5,553	20,166,747
Others				
Donations	1,917	422,460	8,082	7,025,042
Retail Payments	211,725	161,535,858	35,700	76,572,951
International Home remittance	17,567	532,117,745	414	8,096,896
Account Opening Transactions	143,144	20,466,036	-	
Cash collection/payment services	452,839	2,715,979,820	131	781,896
IBFT			385,294	6,883,700,065
Total	63,504,955	195,687,508,145	33,126,278	91,227,483,405

Events

Roundtable on Future of Digital Financial Services in Pakistan

A roundtable discussion on future of digital financial services in Pakistan was organized by SBP on 10th February 2016 in Islamabad to discuss the challenges and opportunities for leveraging digital channel to achieve the financial inclusion objective in Pakistan.



The event was graciously honored by Her Majesty Queen Maxima - The Queen of Netherland and UN Secretary-General's Special Advocate for inclusive finance for development (UNSGSA). The roundtable was opened with welcome remarks delivered by Ashraf Mahmood Wathra, Governor SBP. He highlighted the role that digital financial services had been playing to overcome the hurdles posed by the conventional business models. The Governor alluded to the role of Branchless banking as a convenient and affordable tool for extending the outreach of financial services to the general public, particularly to the underserved demographics.

While giving an overview of the alternative delivery channels in the country, the Governor SBP mentioned that currently nine banks have been offering digital financial services through agent assisted banking, maintaining 15.3 million digital financial accounts or m-wallets. He also highlighted the growing penetration of branchless banking channel and its usage across the country, particularly in low income segments. He further acknowledged that despite the progress in Digital Financial Services arena, the number of financially excluded people remained significantly high, demanding an increasing focus of extending the product offerings and outreach in order to achieve the Financial inclusion target by 2020. The Governor also highlighted the challenges faced by the branchless banking industry including shifting customers from using Over-The-Counter (OTC) BB services towards opening and using M-Wallet accounts, developing customer centric products and interoperability of BB services access points. The Governor emphasized that the government of Pakistan, State Bank and the industry were in sync to overcome these challenges and will continue their synergized efforts on the path of digital financial inclusion.

The Governor's remarks were followed by a brief presentation on 'Future of Digital Financial Inclusion in Pakistan' which was presented by Abrar Mir, Group Head Innovation & Financial Inclusion, HBL. The presentation began with an overview of DFS ecosystem in Pakistan followed by the main players and their roles in this eco system. In his presentation, Mr. Abrar touched upon the key drivers of Financial Inclusion in Pakistan as well as the opportunities that existed for various players.

The presentation provided the impetus for a moderated discussion on key issues to enhance financial inclusion through DFS. The discussion was moderated by Mr. Qasif Shahid, CEO - Finsurgents, which engaged the conference participants over the challenges, opportunities and way forward for promoting digital financial services as a mechanism for achieving the universal financial inclusion targets. The discussion led to the following conclusions:

- It was established that the role of banking agents is critical in opening digital accounts. As such the industry needs to incentivize agents to open mass m-wallets.
- It was agreed that in order to accelerate progress towards interoperability it was necessary to establish the National Payment Gateway and for it to be considered as a public good. However,

such discussion should be made after considering all the options and giving due attention to the short term priorities aligned to the objectives.

- It was recognized that the role of NADRA was pivotal for triggering accelerated growth in mobile wallets. Therefore, the need was felt that the solution providers should be facilitated by NADRA to share relevant fields with banks for biometric verification. Also, the need for rationalization of



NADRA's fees for its verification services was assigned high priority which has to be accomplished in the short term.

- It was agreed that increasing access and outreach of mobile phones, particularly to women is an absolute requisite for digital financial inclusion. In this regard, the importance of making availability of smart phones with built in specialized applications for women was felt strongly. Also, a key recommendation was to introduce tax incentives for reducing smart phone prices. Moreover, introduction of special talk time/ data usage packages for the women segments were discussed to be helpful to drive usage and access of mobile services in women.

HM Queen Maxima of Netherlands actively participated in the discussion to help drive the key takeaways from the discussion. HM appreciated the progress made by banking industry in areas of digital banking and trusted that the financial landscape would completely change over next five years. HM shared that strong banking institutions, coupled with new technologies like smart cards and mobile phones, hold promise of expanding access by dramatically reducing costs for providers and clients alike.

The roundtable ended with a vote of thanks by Saeed Ahmad, Deputy Governor-SBP, who thanked the Honorable Chief Guest HM Queen Maxima and participants which included representatives of regulatory bodies, NADRA, Telcos, financial institutions, technology services providers, donors and multilateral agencies.

Local News

Pakistan's First Domestic Payment Scheme PayPak Launched

Ashraf Mahmood Wathra, Governor State Bank of Pakistan inaugurated Pakistan's first domestic Payment Scheme in Karachi on 5th April 2016. The new payment scheme has been branded as "PayPak" and will compete in the domestic market with other international payment schemes. However, the new card will only be used within Pakistan and will offer the benefit of low cost, ease of



affordability and security to ordinary citizens. It may be recalled here that "PayPak" has been introduced by 1Link which is already providing interoperability services for ATM transactions as well as interbank fund transfers and utility bill payment facility. With this launch, Pakistan became the 28th country in the world to have her own domestic payment scheme.

The Governor emphasized that secure and efficient payment systems are critical for effective functioning of the financial system and crucial for the provision of digital financial services like collecting and making payments; making deposits and obtaining credit; buying goods; paying utility bills; paying for housing, healthcare, insurance and education; remitting money to friends, family, and business partners. These services may be availed by using channels such as mobile phone, kiosk, or other digital interfaces. The Governor informed the audience that one of the strategic goals of SBP for the year 2020 is to transform the digital payments landscape in the country by ensuring digital financial access to both the un-served and underserved population while at the same time reducing the transaction cost and improving overall efficiency.

The Governor appreciated the launch of the domestic payment scheme and expressed that this initiative will not only provide affordable, safe, and efficient alternative to the existing banked population in the country but will also provide an opportunity to offer low cost payment services to the unbanked citizens thus bringing them in the sphere of financial inclusion. The Governor expressed hope that this launch will catalyze the adoption and usage of plastic card among consumers, merchants and banks in Pakistan. Furthermore, launch of domestic payment scheme will also help in reducing the outflow of foreign exchange to International Payment Schemes as a part of fee payment. Governor urged the financial sector in the country to take advantage of the current favorable market environment by investing in innovative technologies and product offerings to expand payment services and broaden access to financial services in Pakistan. He urged the banks in Pakistan to rapidly adopt the new payment scheme and ensure that its benefits are transferred to ordinary citizens.

Saeed Ahmad, Deputy Governor SBP, said that by introducing this scheme Pakistan has moved in the right direction by achieving SBP's two strategic goals i.e. promoting Financial Inclusion and building a Robust and Modern Payment System. He, however, pointed out that while the issuance of domestic card is a good initiative, the banking sector has to create its acceptability among the masses. He advised the banking industry to adopt a more service oriented approach and provide easy access to financial services to their customers.

<http://www.mobilemoney.com.pk/uncategorized/pakistans-first-domestic-payment-scheme-paypak-launched/>

Mobicash Provides Open Platform to All FinTechs

Mobicash, apart from being the largest network of mobile financial services in the country, offers the most open platform for third party integrations. The decision to offer a comprehensive API (Application Programmer Interface) to developers of other Financial Technology companies (FinTechs) was made by Mobicash for easier integration with other financial platforms to offer more and improved services to customers.

“Third party partnerships have been critical to Mobicash’s continued success, as we look towards our goal of market leadership. By allowing fintech companies easy integration with our financial system, we are removing barriers within the industry and directly contributing to the growth of the banked population,” said Anika Afzal Sandhu, Head of Mobile Financial Services – Mobilink. Starting its operation in November 2012, Mobicash has become the fastest growing mobile financial services across Pakistan. Over time, Mobicash has partnered with more third party startups as well as public & private sector organizations, developers and FinTech for their business integration.

The Mobicash API is open for Peer to Peer business (P2P), B2C (Business Customers), C2B (Customer to Business) and B2B (Business to Business) applications. This will also open the financial services space for smaller players entering the FinTech space and take advantage of Mobicash’s platform and distribution. Mobicash is evolving as the leader in the payments arena. In this regard a number of initiatives have already been rolled out including Passport Payment Collection, bill collection for Bahria Town with many more in the pipeline.

<http://www.mobilemoney.com.pk/uncategorized/mobicash-provides-open-platform-to-all-fintechs/>

Easypaisa Empowers Nestlé Dairy Farmers with Smart Milk Payments Mechanism

Providing financial access to thousands of Pakistani dairy farmers as part of its mission of empowering societies, Easypaisa has collaborated with Nestlé Pakistan to make disbursement of milk collection payments swift, easy, and transparent. The partnership will also feature an awareness campaign for farmers where Easypaisa will train them to take full advantage of the Easypaisa mobile account services including attractive savings products and mass market health and life insurance.

Under this partnership, Easypaisa is providing Telenor SIMs and registering Easypaisa mobile accounts of around 15,000 farmers across Pakistan to transfer funds into their accounts on a weekly basis. For unparalleled convenience, Easypaisa ensures delivery of the payment to the farmer’s Easypaisa mobile account that they can withdraw from the nearest Easypaisa retailer. This will be a great relief for the dairy farmers since they will not have to carry cash to their homes from the milk centers and be in a vulnerable position of being robbed or travelling long distances to collect their hard earned money.

Food & Agriculture Organization of the United Nations lists Pakistan as the fourth-largest milk producing nation in the world with its dairy industry being a major contributor to the GDP. Every year, Nestlé pays over PKR 22 billion for milk sourcing in Pakistan; around 150,000 dairy farmers supply close to half a billion tons of milk a year through Nestlé’s extensive chain of over 2,500 milk collection centers. Prior to Easypaisa’s collaboration with Nestlé, most of the dairy farmers received their payments in cash from the supply agent routed via the traditional banking channel.

Being the country’s second largest mobile network, Telenor Pakistan already enjoys a strong relationship and trust with its 36 million customers. Easypaisa, being the country’s first and largest branchless banking solution, has reinforced this trust with 20 million customers conducting over 650,000 Easypaisa transactions every day. While more than a hundred million Pakistanis still go unbanked, and banks do little for the financial inclusion of the long tail customers, Easypaisa continues to fill the vacuum and provide masses with easy access to innovative mobile financial solutions. Easypaisa’s first disbursement is scheduled in April 2016 and is expected to channelize more than PKR 1 billion to the farmers annually.

<http://www.mobilemoney.com.pk/uncategorized/easypaisa-empowers-nestle-dairy-farmers-with-smart-milk-payments-mechanism/>

Pakistan leads South Asia in mobile money: report



With 9% of men and 2% of women as users, Pakistan leads South Asia in mobile money. While, Kenya's mobile money transactions hit new high – \$23 billion – in just ten months last year, Pakistan also emerged as the leader in South Asia with nine per cent of its male and two per cent of its female citizens using mobile phones to carry out financial transactions.

Surprisingly, India ranks second in the list with three percent of its male while just one percent of its female population is making financial transactions through cellular phones, according to a World Bank report.

An average three per cent of people in South Asia used a mobile phone to send or receive money in 2014, according to the study conducted by World Bank's Global Findex Database, which provides in-depth data on how individuals save, borrow, make payments and manage risks. The Global Findex is the world's most comprehensive database on financial inclusion that consistently measures people's use of financial services across countries and over time. "While there are still gaps between how often men and women use these services, Pakistan leads the region with 9% of men and 2% of women moving money on their mobiles," the findings of the research read.

The indicators are drawn from survey data collected by Gallup, Inc over the 2014 calendar year, covering around 150,000 adults in more than 140 economies and representing about 97% of the world's population. The set of indicators will be collected again in 2017.

Mobile transactions are gaining immense popularity in the South Asian nations. Statistics show 93% of Pakistani adults lack access to formal financial services as only 7% of the respondents reported to have a bank account while registered accounts with other financial institutions are negligibly low. A more promising statistic is that of mobile phone ownership, as the figures reveal 54% of Pakistani adults own a mobile phone. This high proliferation of mobile phones is considered by many to be an opportunity for the financially excluded to attain financial inclusion through Mobile banking. By leveraging the proximity and familiarity of local grocery stores and mobile money shops, over-the-counter (OTC) transactions have made bill payment and person-to-person transfers much more convenient than alternatives, such as banks or hawala dealers.

<http://nation.com.pk/business/10-Feb-2016/pakistan-leads-south-asia-in-mobile-money-report>

Now you can book cinema tickets online via EasyTickets website

What do you do when you are very excited to watch the latest movie of your favourite actor? You search for the movie on the websites of different cinemas to check which theatre is showing this film at the best time suitable for you. Then, you drive to the theater, and after reaching there, the man on the ticket center tells you "Sorry sir, all the seats are reserved for this show."

How do you feel in this situation? Well, just forget this hassle, because now you will be able to book the ticket from your home, office, or any other place. EasyTickets is a new kind of website that lets you buy cinema tickets right from your computer or Smartphone. You can purchase your ticket online from its website, or from the iOS or Android app of EasyTickets.



It is to be recalled that BookMe.pk is also an online ticket booking website in Pakistan, which allows you to book hotel tickets, cinema tickets, and transport tickets. One of the best features of EasyTickets is that it lets you choose your favourite seat in any cinema. There are only a few cinemas in Pakistan that offer online ticket booking system, but with EasyTickets, you can buy tickets for any theatre and check the trending movies as well.

How to book a cinema ticket using EasyTickets?

Go to the website of EasyTickets, on the homepage, you can search any cinema or movie. A list of latest movies also appears on the homepage, and at the bottom, there is a list of movies that are coming soon. When you select a movie, the site will show you the details of that movie i.e., rating, director, writer, running time, genre, and synopsis. On the upper right corner, there is a “Buy Now” button. When you click this button, it will show you the cinema name and the show timings. You have to create an account on the website to buy the ticket.

After creating the account, you can buy the ticket and pay online via Credit/Debit Card, Online Bank Transfer, or UBL Omni service. According to the website, it does not charge any fee for providing its services; however, 3% bank processing fee is applicable on transactions. When your ticket is confirmed, you will receive an SMS notification and an Email as well. You will have to collect your ticket from the cinema by showing them the code received on SMS.

Please keep in mind that once your ticket has been confirmed, you cannot cancel it, and the show timing can also not be changed. EasyTickets online ticket booking service is available for the people in Karachi, Lahore, Islamabad, Rawalpindi, Gujranwala, and Faisalabad.

<http://www.morenews.pk/2016/04/15/now-can-book-cinema-tickets-online-via-easytickets-website/>

International News

Make Payments Via Facebook Messenger Soon

Social networking giant Facebook may soon allow on its Messenger app a PayPal-like mobile money transfer service free of cost that will only require a debit card at both ends of the transaction, a media report said. People using Facebook Messenger service in the US can already send and receive money using the app, technology website CNET.com reported today. The service is soon expected to be rolled out in other countries as well. Before the launch of the money transfer service on Messenger in the US, Facebook founder Mark Zuckerberg had said that he did want a part in becoming a payments processor.

"On payments, the basic strategy that we have is to make it -- especially in products like Messenger where the business interaction may be a bit more transactional -- to take all the friction out of making the transactions that you need," he had posted. The Messenger payments are free and transactions use PIN-based protection and "industry-leading security," according to Facebook.

To use the service in the Messenger app for Android, a user first requires to add his/her debit card by tapping the "Profile" icon, scrolling down to "Payments" option and then finishing the process by tapping on "Add New Debit Card". The service also allows you to open a chat with the person you want to send money to or from whom you want to request money.

To make the mobile payment, first tap "Payments" button, then "Next" to bypass the info screen. By default, you'll be in the "Pay" screen; enter an amount you want to pay the recipient and a note indicating what the payment is for. Then tap "Pay" and you're done!. To make a request for receiving money, tap "Request" at the top of the screen, enter the amount and reason, then tap the "Request" button again to complete the process, the report said.

<http://www.ndtv.com/world-news/make-payments-via-facebook-messenger-soon-report-1394686>

First Peruvian mobile wallet demonstrates interoperability is possible worldwide

A new era in electronic payments is dawning in Peru with this week's launch of Modelo Perú. The electronic and fully-interoperable platform is a shared mobile payments infrastructure between the nation's financial institutions, telecommunications networks, government, and other stakeholders, designed with the aim to promote financial inclusion in a nation where harsh, mountainous geographical features often impede access to basic financial services for the poor, particularly in rural areas.



Women use mobile money after a financial literacy workshop in Cusco in July 2014.

It represents the first attempt by any country to create a completely interoperable national mobile payments system meant to scale up financial inclusion. Its launch, which occurred after a trial period in Lima and Cusco, is the culmination of widespread collaboration spearheaded by the Peruvian Bank Association (ASBANC), and included the efforts of the Superintendencia de Banca, Seguros y AFPs (SBS) of Peru, long recognized for its pioneering efforts in financial inclusion as a member of the Alliance for Financial Inclusion (AFI), along with relevant stakeholders.

The importance of this innovation to promote greater financial inclusion cannot be understated. Modelo Perú is a technology neutral platform. It is a tool that makes usage simple, for competitors and for users, with the purpose to bring the excluded into the formal financial system, developing the digital and e-money ecosystem, and stressing the importance of financial literacy. The platform enables users to access e-money from their mobile phones (basic or smartphones) to transfer funds from phone-to-phone, initiate payments (e.g. wages, utilities, and government payments), make airtime purchases, and access a variety of other financial services.

An important lesson to learn from the efforts surrounding the creation of Modelo Perú is that regulation itself is not sufficient to create a market. There are other concerns to be accounted for in order to properly drive a digital and an e-money ecosystem.



Peruvians wait to participate in a government cash-transfer program called JUNTOS

Peruvian policymakers were aware of this, and, as advanced learners, started a dialogue with stakeholders in the private sector to assess why the Peru's e-money law no. 29985, which was approved in 2013, did not have the expected outcome of promoting significantly greater financial inclusion in the country with only the approval of the law and its regulations.

During these discussions, ASBANC began to focus on retail payments, and decided to take a leading role, along with policymakers, particularly SBS Peru, to find solutions and help deliver access to payment and transactional services that would reach the low-income segments of the Peruvian population.

This puzzle was not easy to piece together. Actors from the private and public sector were cognizant that the main constraint was the lack of interoperability, that is, the lack of road, where all suppliers would be able to settle and make payments. Once the absence of a common platform able to be used by an e-money provider was identified, the public and private sector coordinated and embarked upon a gargantuan effort to remedy this bottleneck.

Eventually ASBANC incorporated a new company, called Peruvian Digital Payments, as the Modelo Perú platform provider. The goal of Modelo Perú is to reach 2 million active users by 2020, and to facilitate the creation of mobile wallets offered by the e-money issuers, supervised by SBS Peru. Furthermore, telecommunications companies can offer these services using licensed e-money issuers. So far, this includes nine companies, including banks and e-money issuers.

For a region like Latin America, with a significant portion of its population possessing limited access to mobile financial services, this is the beginning of how mobile phones are used to provide a cheap, safe and easy method to access finance.

<https://blogs.afi-global.org/2016/02/17/first-peruvian-mobile-wallet-demonstrates-interoperability-is-possible-worldwide/>

Kenyan bank KCB disburses one loan every eight seconds

In partnership with mobile money platform M-PESA, KCB disburses one loan every eight seconds. Bid farewell to long lines at the teller window. Brick and mortar bank branches will soon be going the way of the dinosaur. That's the message that KCB Bank CEO Joshua Oigara delivered while presenting the group's 2015 earnings results.



Over the past decade, Kenya has pioneered the convergence of financial services and mobile telephony. Historically, KCB disbursed roughly 200,000 new loans per year. Then along came mobile banking, and loan applications skyrocketed. The bank made nearly 4,000,000 new loans in 2015. This works out to one new loan every eight seconds. The vast majority of these borrowers (94% to be exact) never even walked through a KCB branch door. Instead, they simply applied for a loan with a few keystrokes on their mobile phones.

<http://www.africanbusinesscentral.com/2016/03/18/fact-of-the-day-kenyan-bank-kcb-disburses-one-loan-every-eight-seconds/>

Nigerian Fintech Company Interswitch Could Become Africa's First Public Startup Unicorn

Africa's first billion-dollar tech IPO on a major exchange may be imminent. Nigerian digital payments company Interswitch will likely go public on the London Stock Exchange (LSE) in 2016, sources confirm.

The Lagos based fintech firm, majority owned by private equity group Helios Investment Partners, provides much of Nigeria's digital finance infrastructure. Founded in 2002, Interswitch's product platforms process the bulk of the country's growing volume in electronic bank, government, and corporate financial transactions. In personal finance, 32 million consumers use the company's Verve chip and PIN cards, while its Quickteller digital payment app processed \$2.4 billion in transactions.

Any billion dollar liquidity event, whether an IPO or trade sale, would mark a milestone for African tech, which to date has produced only a handful of exits and no major public listing. Across the continent, a burgeoning IT sector is emerging parallel to growth and reform in core economies. In countries such as Nigeria, Kenya, and Ghana, broadband capacity is improving, Smartphone penetration is rising, and many business sectors are formalizing. Added to this are the demographics of a youth driven consumer market expected to spend over \$1 trillion annually by 2020.

This equation creates strong tech opportunities for ventures focused on digital commerce and payments. Some VC investors have taken note, supporting African consumer goods, digital content, and fintech oriented startups to the tune of \$400 million in 2014, according to Crunchbase supported research. Interswitch investors Helios Partners and Adlevo Capital also back ventures such as ecommerce platform MallforAfrica and Nigerian payments firmPaga.

When it comes to digital finance in Africa, discussions usually lead to Kenya's M-PESA product, run by telco Safaricom. The mobile money platform, recently profiled by "60 Minutes," is now used by 13 million customers, transfers \$12 billion in P2P payments annually, and generated 20 percent of Safaricom's 2014 \$1.5 billion revenues.

Nigeria's P2P digital payments traffic compared to Kenya, however, has been slower to scale—largely due to entrenched consumer preferences for cash and a more cumbersome fintech regulatory environment. A 2014 Gates Foundation study estimated Nigeria's e-payments revenue potential at \$1.2 billion if it attained Kenya's volumes.

Interswitch continues to build digital finance market share in Nigeria and broader Africa. It operates in five African countries and recently launched its Verve payments product on Safaricom's home turf after acquiring Kenya's Paynet. Interswitch CEO Elegbe said a possible IPO would also support the company's plans to expand into additional African countries.

As for Interswitch possibly becoming Africa's first tech unicorn, "It's obviously good for the market to demonstrate African tech companies can generate that level of revenue," said EchoVC's Omoigui. "On the question of exits and IPOS, we've gone from 'if' to 'when' to potentially 'who next?'. Minting our first fintech unicorn will make a lot of VC investors take African tech much more seriously."

<http://techcrunch.com/2016/01/28/nigerian-fintech-company-interswitch-could-become-africas-first-public-startup-unicorn/>

China to invest in rural broadband to boost e-commerce

China plans to allocate additional funds to rural areas to improve the internet infrastructure and extend broadband connections to promote e-commerce and boost trade. A government programme aims to integrate the internet with the logistics sector to reduce costs, increase profits, stimulate consumption and boost employment, according to a statement by the State Council's executive meeting, chaired by Premier Li Keqiang. The State Council is China's Cabinet.

China has 195 million internet users in rural areas, accounting for 28 per cent of the country's total, according to the China Internet Network Information Centre (CINIC). The number of rural netizens last year grew 9.5 per cent last year, almost double the rate for urban internet users. E-commerce giants such as Alibaba, JD and Suning Electronic are expanding into rural areas as markets in first- and second-tier cities become saturated, China Daily reported.

Weak infrastructure But China ranks 91st out of more than 200 countries in broadband download speeds, and internet access in the country's rural areas is much slower than in cities, the newspaper said.

A year ago, after Li criticized the country's mobile internet for being expensive and slow, the telecoms regulator pledged to push industry players to lower prices and improve speeds. The country's three operators in May committed to reducing data prices by 20-35 per cent,

<http://www.mobileworldlive.com/asia/asia-news/china-to-invest-in-rural-broadband-to-boost-e-commerce/>

Appendix 1: Definitions of Terminologies

BB Terminology	Definition
Level 0 account (L0)	Basic MW account with low KYC requirements and low transaction limits.
Level 1 account (L1)	Entry level MW account with adequate KYC requirements commensurate with transaction limits.
Level 2 account (L2)	Top level MW account for individual customers offering all BB facilities and subject to full KYC requirements.
Level 3 account (L3)	Account specific for BB agents, third-party service providers, or businesses.
M-wallets (MW)	All level 0, level 1, and level 2 BB accounts.
BB Accounts	M-wallets plus level 3 accounts (Level 3 mainly represents agents' accounts).
Banking account	Banking account means a regular bank account maintained in bank branch by agents/customers.
Active M-wallet account	An m-wallet account will be considered as an active account if: <ul style="list-style-type: none"> - Performed at least 1 transaction during the last 180 days. - Opened during the last 180 days. - Account has not been suspended /closed/ terminated for any reason. - Fully compliant with KYC requirements as per BB Regulations.
Inactive M-wallet account	An m-wallet account which does not qualify the criteria for active accounts will fall in inactive account category. The applications in process of account opening are not counted in inactive accounts.
Active Agent	An agent will be considered as an active agent if: <ul style="list-style-type: none"> - Performed at least 1 transaction during the last 90 days. - Opened during the last 90 days. - Agent has not been suspended /closed/ terminated for any reason. - Fully compliant with KYC as per BB Regulations.
Inactive agent	An agent who does not qualify the criteria for active agents will fall in inactive agents' category. The new take-on agent applications in process are not counted in inactive agents.
Average Size of Transaction (in Rs.)	Value of transactions divided by number of transactions.
Average number of transaction per day	Number of transactions during the quarter divided by 90 days.
Account to account transfer (MW holders)	Total number of transactions and amount transferred by MW holders. It includes MW to MW transfers, MW to banking account transfers, and banking account to MW transfers.
Account to account transfer (by Agents)	Total to number of transactions and amount transferred by agents for liquidity management purpose. (It includes agent account to agent account transfers, agent account to banking account transfers, banking account to agent account transfers.)
MW to person transfer	Number of transactions and amount transferred from MW to person (transfer on customer's computerized national identity card (CNIC)).
Person to person transfer	Number of transactions and amount of money transacted through OTC (transactions from one CNIC to another CNIC).

Bulk Payments	All bulk payments done through BB channel which include wages, pensions, G2P social transfers and welfare payments.
G2P payments	Government to person payments which include social transfers and welfare payments.
EOBI pensioners	All payments from Employees' Old-age Benefit Institution (EOBI) to pensioners.
Salary payments	Salary payments from institutions to its employees.
Cash Deposited in a MW account	Cash deposited into MW accounts.
Cash Withdrawals from a MW account	Cash withdrawals from MW accounts.
Cash withdrawals through card (G2P only)	Cash-out of G2P payment received by Watan /BISP or any other G2P related card holders using BB channel.
Other cash collection services	Any other cash collection service such as school fee collection.
Utility Bills Payments	Gas, water, electricity, telephone and any other public utility payment.
Loan Disbursement	Loan disbursements through BB channel.
Loan Repayment	Loan repayments through BB channel.
Donations	Donations collected through BB channel.
Merchant payments	Retail payments to authorized merchants to purchase goods/services.
Account opening transactions	Limited transactions (as permissible under BB regulations) in m-wallet accounts during account opening / activation process.