

Payment System Report (Q4 2019)¹

According to payment statistics in Q4 2019, the nation's payment systems functioned smoothly as the size of fund flows within the economy expanded and the payment volume rose steadily.

I. Bank Accounts²

The growth of the number of new RMB bank accounts moderated. In Q4 2019, new RMB bank accounts totaled 319 million, increasing 0.10 percent quarter on quarter (q-o-q), a deceleration of 4.93 percentage points from the previous quarter.

The number of new institutional bank accounts maintained growth. In Q4 2019, bank accounts opened by institutions totaled 3.2373 million, increasing 0.5 percent q-o-q, representing an acceleration of 3.13 percentage points from the previous quarter. Specifically, 2.3142 million were new basic deposit accounts; 744.4 thousand were new general deposit accounts; 161.4 thousand were new specified deposit accounts; and 17.4 thousand were new temporary deposit accounts. They accounted for 71.49 percent, 22.99 percent, 4.98 percent and 0.54 percent of the total number of new institutional bank accounts respectively.

The number of new individual bank accounts increased slightly. In Q4 2019, new individual bank accounts totaled 316 million, marking an

¹ Since 2015, the payment system has disclosed payment transaction data according to the financial industry standards of Statistical Indicators of Payment Operations.

² Bank accounts refer to RMB bank settlement accounts.

increase of 0.09 percent q-o-q, with a deceleration of 5.02 percentage points from Q3 2019. The number of accounts held per capita³ reached 8.09.

II. Non-cash Payment Instruments

In Q4 2019, a total of 95.858 billion non-cash payment transactions⁴ with an amount of RMB969.55 trillion were processed by banking financial institutions nationwide, exhibiting a year-on-year (y-o-y) increase of 51.23 percent and 0.90 percent respectively.

(I) Bankcards

The growth of the number of new bankcards moderated. In Q4 2019, the number of newly issued bankcards⁵ nationwide decreased 6.46 percent q-o-q to 267 million, among which newly issued debit cards decreased 4.26 percent q-o-q to 222 million, while newly issued credit cards and debit-credit integrated cards decreased 15.95 percent q-o-q to 45 million. The number of total bankcards per capita reached 6.03, and the per capita number of credit cards and debit-credit integrated cards recorded 0.53.

The number of merchants and POS terminals⁶ fell moderately. In Q4 2019, merchants and POS terminals connected to the inter-bank bankcard

³ When indicators involve per capita figures, the population applied is 1.39538 billion of mainland China at the end of 2018, in accordance with the data released by the National Bureau of Statistics, similarly hereinafter.

⁴ Non-cash payment transactions include commercial papers, bankcards and other settlement transactions. Specifically, other settlement transactions include credit transfer, direct debit, collection with acceptance and domestic L/C.

⁵ The number of newly issued bankcards refers to all the numbers of bankcards issued by banks during the statistical period, without distinguishing card states at the end of statistical period.

⁶ The data of merchants and POS terminals that were connected to the inter-bank bankcard payment system are from China UnionPay Co., Ltd.

payment system recorded a decrease of 1.2254 million and 1.5348 million q-o-q respectively. ATM terminals⁷ increased by 8.9 thousand from the end of previous quarter. The numbers of POS and ATM terminals per 10,000 persons decreased by 4.73 percent and increased by 0.82 percent q-o-q respectively, to 221.39 and 7.87.

Bankcard transactions continued to rise. In Q4 2019, a total of 93.362 billion bankcard transactions⁸ with a cumulative trading amount of RMB226.92 trillion were processed across the country, increasing 53.01 percent and 7.82 percent y-o-y respectively. The transactions included 1.703 billion cash deposits of RMB12.14 trillion, 2.675 billion cash withdrawals of RMB11.78 trillion, 43.463 billion transfers of RMB172.03 trillion, and 45.522 billion consumer payments of RMB30.96 trillion. The bank card penetration rate stood at 49.03 percent, decreasing 0.01 percentage points q-o-q. The consumer payment per capita via bank cards reached RMB22.2 thousand, increasing 21.19 percent y-o-y. The consumer payment per bankcard reached RMB3678.08, increasing 9.78 percent y-o-y. The consumer payment per transaction via bankcards recorded RMB680.20, decreasing 22.85 percent y-o-y.

The bankcard credit continued to grow. In Q4 2019, the total bankcard

⁷ Since Q1 2018, the statistical coverage of the number of ATMs has been adjusted. It includes not only the in-service automatic deposit machines, automatic withdrawal machines, automatic deposit and withdrawal machines, self-service payment terminals, and other traditional self-service facilities distributed by depository banking institutions, but also self-service terminals, Virtual Teller Machines (VTM), smart counters and other new-type terminals.

⁸ Bankcard transactions were the sum of RMB and foreign currency denominated transactions.

credit line⁹ rose RMB0.38 trillion from the end of previous quarter. While the outstanding balance of bankcard credit rose RMB0.17 trillion from the end of the previous quarter. The credit line per bankcard was RMB23.3 thousand, with the credit utilization rate¹⁰ standing at 43.70 percent, up 0.01 percentage points q-o-q. The total outstanding amount of credit in arrears for more than half a year reached RMB74.266 billion, accounting for 0.98 percent of the total outstanding balance of credit.

(II) Commercial Papers

The transactions of commercial draft increased relatively fast. In Q4 2019, transactions of commercial papers totaled 49.7017 million nationwide, or RMB35.45 trillion, decreasing by 14.21 percent and 7.17 percent respectively y-o-y. These included 44.1665 million transactions or RMB30.30 trillion of checks, with a respective year on year decrease of 16.60 percent and 10.68 percent; 5.3428 million actual settlements or RMB4.97 trillion of commercial drafts, with an increase of 13.48 percent and 23.46 percent y-o-y; 57.5 thousand transactions or RMB45.964 billion of bank drafts, with a decrease of 13.64 percent and 9.35 percent y-o-y; and 135 thousand transactions or RMB139.659 billion of bank promissory notes, with a decrease of 33.97 percent and

⁹ Total bankcard credit line refers to the sum of credit lines of credit cards and debit-credit integrated cards.

¹⁰ The credit line utilization rate is the ratio of outstanding bankcard credit balance to total credit line.

27.37 percent y-o-y respectively.

Transactions processed by the electronic commercial draft system¹¹

maintained growth. Q4 2019 saw the following transactions: 5.5725 million issues of RMB5.16 trillion, increasing 24.99 percent and 5.78 percent y-o-y respectively; 5.6722 million acceptances of RMB5.29 trillion, increasing 24.50 percent and 5.85 percent y-o-y; 1.8608 million discounts of RMB3.11 trillion, increasing 32.42 percent and 5.95 percent y-o-y; 2.0472 million interbank discounts¹² of RMB8.21 trillion, increasing 18.46 percent and decreasing 1.59 percent y-o-y; and 283.3 thousand bond-pledged repos of RMB2.97 trillion, increasing 92.45 percent and 81.53 percent y-o-y.

(III) Credit Transfers and Other Settlement Transactions

The volume of credit transfers and other settlement transactions remained basically stable. In Q4 2019, the number of other settlement transactions including credit transfer, direct debit, collection with acceptance, and domestic L/C totaled 2.446 billion, with a cumulative amount of RMB707.18 trillion, increasing 5.99 percent and dropping 0.71 percent y-o-y respectively. To be specific, the credit transfer transactions recorded 2.336 billion, totaling RMB693.51 trillion.

(IV) Electronic Payment

¹¹ The data of the electronic commercial draft system are from the Shanghai Commercial Paper Exchange.

¹² Since Q3 2017, the statistics of inter-bank discounts and bond-pledged repos of electronic commercial drafts have been compiled separately.

The mobile payment transaction volume maintained rapid growth. In Q4 2019, banks processed a total of 62.103 billion electronic payment transactions¹³ in RMB654.92 trillion. Specifically, the transaction volume of online payment reached 21.623 billion and the trading value posted RMB529.73 trillion, up 33.90 percent and 4.30 percent y-o-y respectively. The transaction volume and value of mobile payment reached 30.734 billion and RMB94.92 trillion, up 73.56 percent and 21.34 percent y-o-y respectively. The transaction volume of payment by phone stood at 39 million and the transaction value reached RMB2.26 trillion, up 10.28 percent and 28.79 percent y-o-y respectively.

In Q4 2019, non-bank payment agencies processed a total of 202.510 billion online payment transactions¹⁴ with an amount of RMB68.57 trillion, up 28.28 percent and 21.07 percent y-o-y respectively.

III. Payment Systems

In Q4 2019, the payment systems¹⁵ processed a total of 175.149 billion transactions in payments of RMB1,782.64 trillion.

(I) PBC Payment Systems

In Q4 2019, the PBC payment systems¹⁶ processed 5.050 billion transactions in payments of RMB1,334.63 trillion, up 18.02 percent and 9.07 percent y-o-y respectively, accounting for 2.88 percent and 74.87 percent of the total payment transaction volume and value respectively. The daily processed transactions

¹³ Electronic payment refers to the transaction volume and value that cause changes in the balance of settlement account initiated by customers through six channels such as online banking, telephone banking, mobile banking, ATM, POS, and other electronic payments.

¹⁴ The online payment transaction volume processed by non-bank payment institutions includes the volume of online payment involving bank accounts initiated by payment institutions and online payment of payment accounts, but does not include the transaction volume of Red Packet and similar entertainment products. Since April 1, 2018, the Provisions on Barcode and QR Code Payment Business Standards (Interim) has come into effect. Starting from Q2 2018, statistics of merchants' barcode and QR code transaction payments has been collected based on bankcard payment acquiring services instead of online payment.

¹⁵ The payment systems include HVPS (high-value real-time payment system), BEPS (bulk electronic payment system), IBPS (internet banking payment system), ACH (automated clearing house), CFXPS (China foreign exchange payment system), intra-bank payment systems of banking financial institutions, bankcard interbank payment system, city commercial banks draft processing system and payment & clearing system, rural credit banks payment & clearing system, CIPS (China international payment system) and NetsUnion clearing system.

¹⁶ The PBC Payment Systems include HVPS, BEPS, IBPS, ACH and CFXPS.

averaged 56.5607 million and the daily processed value averaged RMB21.23 trillion¹⁷.

The processed transactions in the HVPS maintained growth. In Q4 2019, the HVPS processed 263 million transactions in payments of RMB1,264.25 trillion, down 7.58 percent and up 8.83 percent y-o-y respectively. The daily transactions averaged 4.2342 million in volume and RMB20.39 trillion in value.

The transaction value of payments processed by BEPS surged. In Q4 2019, the BEPS processed 797 million transactions of RMB23.10 trillion, up 32.63 percent and 118.29 percent y-o-y respectively. On a daily basis, the system processed 8.6672 million transactions of RMB251.110 billion.

The transaction volume of IBPS maintained a steady growth. In Q4 2019, the IBPS processed 3.936 billion transactions in payments of RMB33.61 trillion, up 19.45 percent and 38.85 percent y-o-y respectively. On a daily basis, the system processed 42.7773 million transactions of RMB365.294 billion.

The transaction volume and value of ACH dropped relatively rapidly. In Q4 2019, the ACH¹⁸ processed 54.1024 million transactions in payments of RMB11.31 trillion, down 45.07 percent in volume and 54.78 percent in value y-o-y respectively. On a daily basis, the system processed 872.6 thousand transactions of RMB182.395 billion.

The number of CFXPS transactions continued to increase. In Q4 2019, the system processed 580.2 thousand transactions of USD338.826 billion (equivalent to about RMB2.36 trillion¹⁹), with a y-o-y increase of 8.62 percent and 4.32 percent respectively. On a daily basis, the system processed 9,357.94 transactions of USD5.465 billion (equivalent to about RMB38.124 billion).

(II) Other Payment Systems²⁰

¹⁷ In Q4 2019, HVPS, CFXPS, ACHs and CIPS operated for 62 business days; and other payment systems 92 business days. The actual operation business days are used for calculation of daily averages, similarly hereinafter.

¹⁸ The ACH includes the intra-city notes exchange system and intra-city electronic clearing system.

¹⁹ The transaction volume of CFXPS was calculated and then converted to RMB according to the exchange rate of the last trading day of each quarter.

²⁰ According to the PBC working requirement of “breaking the direct connection between third-party payment institutions and commercial banks”, all third-party payment institutions joined the system of UnionPay or

The transaction volume and value of the intra-bank payment systems of banking financial institutions grew mildly. In Q4 2019, these systems processed 4.324 billion transactions of RMB314.19 trillion, up 7.19 percent and 3.71 percent q-o-q respectively. On a daily basis, the system processed 47.0016 million transactions of RMB3.42 trillion.

The volume and value of transactions processed by interbank bankcard payment system²¹ increased slightly. In Q4 2019, the system processed 39.589 billion transactions²² of RMB45.74 trillion, up 3.09 percent and 1.85 percent q-o-q respectively. On a daily basis, the system processed 430 million transactions of RMB497.219 billion.

The volume and value of transactions processed by urban commercial bank draft processing system and payment & clearing system kept increasing²³. In Q4 2019, the systems processed 1.3252 million transactions of RMB210.886 billion²⁴, up 5.93 percent in volume and 10.89 percent in value q-o-q. The daily transactions averaged 14.4 thousand of RMB2.292 billion.

The transaction volume of rural credit bank payment & clearing system²⁵ maintained growth. In Q4 2019, the system processed 413 million transactions of RMB719.646 billion, up 7.33 percent and down 0.65 percent q-o-q respectively. The daily transactions averaged 4.4842 million of RMB7.822 billion.

NetsUnion, and the businesses between the payment institutions and commercial banks, as well as business between the Urban Commercial Bank Clearing Co., Ltd. or members of Rural Credit Banks Funds Clearing Center and third-party payment institutions will not be included in calculating transactions of the intra-bank systems of banks, urban commercial bank payment and clearing system, and rural credit bank payment and clearing system.

²¹ The data of interbank bankcard payment system are from China UnionPay Co., Ltd.

²² Starting from Q2 2018, the volume of transactions processed by the interbank bankcard payment system only includes transactions of capital settlement; inquiries, account verification and other non-capital settlement transaction are excluded. Year-on-year data are calculated on a comparable basis. Starting from Q1 2019, the volume of transactions processed by the interbank bankcard payment system includes online payment involving bank accounts initiated by payment institutions and processed by the interbank bankcard payment system.

²³ The data of the urban commercial bank draft processing system and payment & clearing system are from the Urban Commercial Bank Clearing Co., Ltd.

²⁴ Starting from 2017, in addition to the statistics of bank draft, remittance and deposit and withdrawal, the urban commercial bank draft processing system and payment & clearing system also collect the statistics of real time receipts and payments.

²⁵ The data of rural credit banks payment & clearing system are from the Rural Credit Banks Funds Clearing Center.

The transaction volume and value of CIPS²⁶ continued to increase. In Q4 2019, the CIPS processed 532.0 thousand transactions in payments of RMB8.66 trillion, up 35.31 percent and 16.50 percent y-o-y respectively. The daily transactions averaged 8,580.19 of RMB139.664 billion.

The transaction volume and value of NetsUnion platform²⁷ continued to grow. In Q4 2019, the platform processed 125.771 billion transactions in payments of RMB78.49 trillion²⁸, up 15.86 percent and 13.75 percent q-o-q respectively. The daily transactions averaged 1.367 billion in payments of RMB853.195 billion.

²⁶ The data of CIPS are from Cross-border Interbank Payment and Settlement Co., Ltd.

²⁷ The data of the NetsUnion platform are from NetsUnion Clearing Co., Ltd.

²⁸ The data refer to online payment transaction volume initiated by payment institutions and processed by the NetsUnion platform via bank accounts.