

Payment System Report (2018)¹

According to payment statistics in 2018, the nation's payment systems functioned smoothly as the size of fund flows within the economy expanded and the payment volume rose steadily.

I. Non-cash Payment Instruments

In 2018, a total of 220.312 billion non-cash payment transactions² with a trading amount of RMB 3,768.67 trillion were processed by banking financial institutions, a year-on-year (yoy) increase of 36.94% and 0.23% respectively.

(I) Commercial Papers

Negotiable instrument business volume continued to decline. In 2018, a total of 222 million transactions in RMB 148.86 trillion were completed based on commercial papers, a yoy decrease of 13.23% in volume and 13.64% in amount. Specifically, 202 million were made in checks with an amount of RMB 131.47 trillion, a yoy decrease of 14.99% in volume and 14.52% in amount; 18.9257 million in commercial drafts with an amount of RMB 16.21 trillion, a yoy increase of 14.81% in volume and decrease of 3.35% in amount; 267,500 in bank drafts with an amount of RMB 196.977 billion, a yoy decrease of 49.26% and 45.96% respectively; 1,161,400 in bank promissory notes with an amount of RMB 985.058 billion, a yoy decrease of 29.48% and 30.86% respectively.

The transactions of electronic commercial draft system grew rapidly. In 2018, the electronic commercial draft system witnessed an issuance volume of 14.5071 million with an amount of RMB 16.79 trillion, up 121.34% and 32.40% yoy respectively; 14.8936 million transactions of acceptance, with an amount of RMB 17.19 trillion, up

¹ Since 2015, the payment system has disclosed payment transaction data according to the financial industry standard of *Statistical Indicator of Payment Transactions*.

² 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 transactions.

119.67% and 31.99% yoy respectively; 4.1924 million transactions of discount, with an amount of RMB 9.73 trillion, up 133.92% and 39.91% yoy respectively; 6.9724 million transactions of inter-bank discount, with an amount of RMB 34.45 trillion, up 38.48% and down 22.55% yoy respectively; 565,400 transactions of bond pledged repo, with an amount of RMB 6.16 trillion, up 28.50% and down 10.96% yoy respectively³.

(II) Bankcards

The bankcard issuance continued to increase steadily. At end-2018, the number of bankcards in use reached 7.597 billion, a yoy growth of 13.51%. To be specific, 6.911 billion were debit cards, a yoy growth of 13.20%; 686 million were credit cards and debit-credit integrated cards, a yoy growth of 16.73%. The share of the number of debit cards in use in the total number of bank cards issued was 90.97%, decreasing slightly yoy. The number of bankcards per capita was 5.46⁴, a yoy growth of 12.91%. And the per capita number of credit cards and debit-credit integrated cards reached 0.49, a yoy growth of 16.11%.

The bankcard acceptance environment kept improving. At end-2018, 27.33 million merchants, 34.1482 million POS terminals and 1.1108 million ATM terminals⁵ were connected to the interbank bankcard payment system, increasing by 1.404 million, 2.9596 million and 150,300 yoy respectively. The number of POS terminals per 10,000 persons across the country reached 245.66, a yoy increase of 8.91%, while the number of ATM terminals per 10,000 persons across the country was 7.99, a yoy increase of 15.03%.

³ Since Q3 2017, the statistics of electronic commercial draft inter-bank discounting and bond pledged repo have been compiled separately, and the year-on-year data has been calculated on a comparable basis.

⁴ When indicators involve per capita figures, the population of 1.39008 billion of China mainland released by the National Bureau of Statistics at the end of 2017 shall be applied, similarly hereinafter.

⁵ 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 banking deposit-taking financial institutions, but self-service terminals, Virtual Teller Machine (VTM), smart counters and other new-type terminals.

Bankcard transactions continued to rise. In 2018, a total of 210.359 billion bankcard transactions⁶ were processed across the country with a cumulative trading amount of RMB 862.1 trillion, up 40.77% and 13.19% yoy respectively. On average, a total of 576 million transactions were made every day with an amount of RMB 2.36 trillion. Specifically, a total of 7.863 billion cash deposit transactions in an amount of RMB 60.03 trillion were made, down 18.44% and 11.62% yoy respectively; 14.087 billion cash withdrawal transactions in an amount of RMB 58.9 trillion were made, down 18.65% and 9.49% yoy respectively; 90.073 billion transfer transactions in an amount of RMB 650.42 trillion were made, up 41.08% and 16.15% respectively; and 98.336 billion consumer payment transactions took place with an amount of RMB 92.76 trillion, up 67.73% and 35.09% yoy respectively. The bankcard penetration rate in 2018 reached 48.97%, up 0.26 percentage point yoy. The consumer payment per bankcard stood at RMB 12,200, up 19.06% yoy. The consumer payment per transaction via bankcards reached RMB 943.28, down 19.46% yoy.

The bankcard credit continued to expand moderately, the percentage of total outstanding amount of credit in arrear for more than half a year declined. At end-2018, the total bankcard credit line⁷ reached RMB 15.4 trillion, a yoy growth of 23.40%, while the outstanding balance of bankcard credit was RMB 6.85 trillion, a yoy growth of 23.33%. The credit line per bankcard was RMB 22,400, with the credit utilization rate⁸ standing at 44.51%. The total outstanding amount of credit in arrear for more than half a year reached RMB 78.861 billion, accounting for 1.16% of the total outstanding credit balance, down 0.11 percentage point compared to the percentage at the end of last year.

(III) Credit Transfers and Other Settlement Transactions

Volume of credit transfers and other settlement transactions edged down. In 2018, the number of other settlement transactions including credit transfer, direct debit,

⁶ Bankcard transactions were the sum of RMB and foreign currency denominated transactions.

⁷ Total bankcard credit line means the sum of credit line of credit cards and credit & debit cards.

⁸ The credit line utilization rate is the ratio of outstanding bankcard credit balance to total credit line.

collection with acceptance and domestic L/C was 9.731 billion with a cumulative amount of RMB 2,757.7 trillion, down 13.05% and 2.41% yoy respectively. To be specific, the credit transfer transactions reached 9.189 billion, totaling RMB 2,716.03 trillion.

(IV) Electronic Payment

The mobile payment transaction volume grew rapidly. In 2018, banking financial institutions processed a total of 175.192 billion electronic payment transactions⁹ in RMB 2,539.7 trillion. Specifically, the transaction volume of online payment reached 57.013 billion and the trading amount posted RMB 2,126.3 trillion, up 17.36% and 2.47% yoy respectively. The transaction volume and amount of mobile payment reached 60.531 billion and RMB 277.39 trillion, up 61.19% and 36.69% yoy respectively. The transaction volume of payment by phone stood at 158 million and the transaction amount reached RMB 7.68 trillion, down 0.99% and 12.54% yoy respectively.

In 2018, non-bank payment agencies processed a total of 530.61 billion online payment transactions¹⁰ with an amount of RMB 208.07 trillion, up 85.05% and 45.23% yoy respectively.

II. Payment Systems

In 2018, the payment systems¹¹ processed a total of 215.723 billion transactions in payments of RMB 6,142.97 trillion.

⁹ Electronic payment refers to the transactions 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 etc.

¹⁰ The online payment transaction volume processed by non-bank payment institutions includes online payment involving bank accounts initiated by payment institutions and online payment of payment accounts, but doesn't include the transaction volume of red envelopes and similar entertainment products. Since April 1st 2018, the *Provisions on Barcode and QR Code Payment Business Standards (Interim)* came 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.

¹¹ 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 Nets Union clearing system.

(I) PBC Payment Systems

In 2018, the PBC payment systems¹² processed 15.711 billion transactions in payments of RMB 4,598.42 trillion, up 27.84% and 15.99% yoy respectively, accounting for 7.28% and 74.86% of the total payment transactions and value respectively. The daily processed transactions averaged 44.7999 million and daily processed amount averaged RMB 18.09 trillion¹³.

The processed transactions in the HVPS maintained a steady growth. In 2018, the HVPS processed 1.073 billion transactions in payments of RMB 4,353.48 trillion, up 15.13% and 16.66% yoy respectively. The daily transactions averaged 4.2584 million in volume and RMB 17.28 trillion in amount.

The transaction volume of payments processed by BEPS rose steadily. In 2018, the BEPS processed 2.183 billion transactions of RMB 35.53 trillion, down 13.64% and up 7.21% yoy respectively. On a daily basis, the system processed 5.9803 million transactions of RMB 97.35 billion.

The transaction volume of IBPS grew at a slower pace. In 2018, the IBPS processed 12.098 billion transactions in payments of RMB 89.05 trillion, up 42.93% and 44.29% yoy respectively. On a daily basis, the system processed 33.1448 million transactions of RMB 243.985 billion.

The transaction volume of ACH decreased slightly. In 2018, the ACH¹⁴ processed 355 million transactions in payments of RMB 112.03 trillion, down 1.15% and 14.38% yoy respectively. On a daily basis, the system processed 1.4083 million transactions of RMB 444.557 billion.

¹² The PBC Payment Systems include HVPS, BEPS, IBPS (internet banking payment system), ACH, CFXPS.

¹³ In 2018, HVPS, LCHs and CIPS operated for 252 business days; CFXPS 259 business days; and other payment systems 365 business days. The actual operation business days are used for calculation of daily averages, similarly hereinafter.

¹⁴ The ACH includes the intra-city notes exchange system and intra-city electronic clearing system.

The transaction volume of CFXPS grew steadily. In 2018, the system processed 2.1352 million transactions of USD 1.25 trillion (equivalent to about RMB 8.33 trillion¹⁵), a yoy increase of 5.88% and 24.07% respectively. On a daily basis, the system processed 8,243.87 transactions of USD 4.825 billion (equivalent to about RMB 32.15 billion).

(II) Other Payment Systems

The transaction volume of the intra-bank payment systems of banking financial institutions went up steadily. In 2018, these systems processed a total of 36.695 billion transactions of RMB 1,332.09 trillion, up 13.56% and down 0.12% yoy respectively. On a daily basis, the system processed 100.535 million transactions of RMB 3.65 trillion.

The transaction volume of interbank bankcard payment system increased steadily. In 2018, the system processed 26.325 billion transactions¹⁶ of RMB 119.07 trillion, up 16.24% and 26.87% yoy respectively. On a daily basis, the system processed 72.1227 million transactions of RMB 326.222 billion.

The transaction volume of urban commercial bank draft processing system and payment & clearing system declined. In 2018, the systems processed 62.9578 million transactions¹⁷ of RMB 588.282 billion, up 90.12% in volume and down 35.80% in amount yoy. The daily transactions averaged 172,500 of RMB 1.612 billion.

The transaction volume of rural credit bank payment & clearing system maintained swift growth. In 2018, the system processed 8.451 billion transactions of

¹⁵ 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.

¹⁶ Since Q2 2018, the number 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. The year-on-year data is calculated on a comparable basis.

¹⁷ Since 2017, the city commercial banks draft processing system and payment & clearing system has also covered real-time collection payment transactions in addition to bank drafts, remittance, universal deposit and withdrawal.

RMB 8.45 trillion, up 152.34% and 26.60% yoy respectively. The daily transactions averaged 23.153 million of RMB 23.152 billion.

The transaction volume of CIPS enjoyed rapid growth. In 2018, the CIPS processed 1.4424 million transactions in payments of RMB 26.45 trillion, up 14.57% and 81.71% yoy respectively. The daily transactions averaged 5,723.74 of RMB 104.946 billion.

The Nets Union platform functioned smoothly. By the end of 2018, a total of 424 commercial banks and 115 payment agencies had been connected to the Nets Union platform. In 2018, the platform processed 128.477 billion transactions in payments of RMB 57.91 trillion¹⁸. The daily transactions averaged 352 million in payments of RMB 158.648 billion.

III. RMB Bank Settlement Account

At end 2018, the RMB bank settlement accounts across the country totaled 10.13 billion, up 9.83% yoy, a growth rate 0.60 percentage point lower compared with the previous year.

(I) Bank Settlement Accounts Held by Institutions

The number of bank settlement accounts held by institutions generally maintained growth. At end-2018, bank settlement accounts opened by institutions totaled 61.1887 million, up 11.59% yoy, representing an acceleration of 0.58 percentage point. Among these accounts, 43.3498 million were basic deposit accounts, an increase of 14.31% yoy; 14.0788 million were general deposit accounts, an increase of 5.77% yoy; 3.5745 million were specified deposit accounts, an increase of 4.84% yoy; and 185,600 were temporary deposit accounts, a decrease of 2.57% yoy.

¹⁸ The data refers to online payment transaction volume initiated by payment institutions and processed by the Nets Union platform via bank accounts.

They accounted for 70.85%, 23.01%, 5.84% and 0.30% of the total number of entity-opened bank settlement accounts respectively.

(II) Individual Bank Settlement Accounts

The number of individual bank settlement accounts increased smoothly. At end-2018, the bank settlement accounts opened by individuals totaled 10.068 billion, an increase of 9.82% yoy, a deceleration of 0.61 percentage point from the previous year.