

Payment System Report (Q1 2019)¹

According to payment statistics in Q1 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 Settlement Accounts

The number of RMB bank settlement accounts grew steadily. At end-Q1 2019, the RMB bank settlement accounts totaled 10.457 billion, up 3.23 percent (quarter on quarter) qoq, an acceleration of 0.6 percentage points from the previous quarter.

The number of bank settlement accounts held by institutions increased slightly. At end-Q1 2019, bank settlement accounts opened by institutions totaled 62.8875 million, up 2.78 percent qoq, representing an acceleration of 0.4 percentage points. Among these accounts, 44.6465 million were basic deposit accounts, with an increase of 1.2967 million qoq; 14.4344 million were general deposit accounts, with an increase of 355,600 qoq; 3.6214 million were specified deposit accounts, with an increase of 46,900 qoq; and 185,200 were temporary deposit accounts, with a decrease of 400 qoq. They accounted for 70.99 percent, 22.95 percent, 5.76 percent and 0.29 percent of the total number of entity-holding bank settlement accounts respectively.

The number of individual bank settlement accounts increased steadily. At end-Q1 2019, the bank settlement accounts opened by individuals totaled 10.394 billion, marking an increase of 326 million, up 3.24 percent qoq, with an acceleration of 0.6 percentage points from Q4 2018. The number of accounts held per capita² reached 7.45.

II. Non-cash Payment Instruments

In Q1 2019, a total of 66.554 billion non-cash payment transactions³ with a trading amount of RMB931.68 trillion were processed by banking financial institutions nationwide, exhibiting a year-on-year (yoy) increase of 46 percent and 0.12 percent respectively.

(I) Bankcards

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

² When indicators involve per capita figures, the population applied is 1.39538 billion of mainland China at the end of 2018, in accordance with data released by the National Bureau of Statistics, similarly hereinafter.

³ 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.

Bankcard issuance continued to increase. At end-Q1 2019, the number of bankcards in use rose 2.32 percent qoq to 7.773 billion, among which debit cards rose 2.48 percent qoq to 7.083 billion, while credit cards and debit-credit integrated cards rose 0.63 percent qoq to 690 million. The number of total bankcards per capita reached 5.57, while the per capita number of credit cards and debit-credit integrated cards remained at 0.49.

The number of bankcard acceptance terminals remained generally stable. At end-Q1 2019, 24.6176 million merchants and 32.3542 million POS terminals were connected to the interbank bankcard payment system, with a qoq decrease of 2.7123 million and 1.794 million respectively. 1.1114 million ATM terminals⁴ were connected to the interbank bankcard payment system, increasing by 600. The numbers of POS and ATM terminals per 10,000 persons fell by 5.61 percent and 0.33 percent qoq, respectively, to 231.87 and 7.96.

Bankcard transactions rose steadily. In Q1 2019, a total of 64.536 billion bankcard transactions⁵ with a cumulative trading amount of RMB221.77 trillion were processed across the country, up 49.7 percent and 0.43 percent yoy respectively. The transactions included 1.855 billion cash deposits of RMB15.21 trillion, 3.166 billion cash withdrawals of RMB15.95 trillion, 27.413 billion transfers of RMB162.33 trillion, and 32.102 billion consumer payments of RMB28.28 trillion. The bankcard penetration rate in Q1 2019 stood at 49.01 percent, up 0.03 percentage points qoq. The per capita number of consumer payment via bankcards reached RMB20,300, up 36.71 percent yoy. The consumer payment per bankcard reached RMB3634.44, up 23.67 percent yoy. The consumer payment per transaction via bankcards reached RMB881.04, down 18.57 percent yoy.

The bankcard credit exhibited appropriate growth, and the percentage of total outstanding credit in arrears for more than half a year declined. At end-Q1 2019, the total bankcard credit line⁶ reached RMB15.81 trillion, with a qoq growth of 2.67 percent, while the outstanding balance of bankcard credit was RMB6.98 trillion, with a qoq growth of 1.79 percent. The credit line per bankcard was RMB22,900, with the credit utilization rate⁷ standing at 44.13 percent. The total outstanding amount of credit in arrears for more than half a year decreased by 0.01 percentage points qoq to RMB79.743 billion, accounting for 1.15 percent in the total outstanding credit balance.

(II) Commercial Papers

⁴ Since Q1 2018, the statistical coverage of the number of ATMs has been adjusted. It includes not only 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 deposit-taking banking institutions, but also self-service terminals, Virtual Teller Machines (VTM), smart counters and other new-type terminals.

⁵ Bankcard transactions were the sum of RMB and foreign currency denominated transactions.

⁶ Total bankcard credit line means the sum of credit lines of credit cards and debit-credit integrated cards.

⁷ The credit line utilization rate is the ratio of outstanding bankcard credit balance to total credit line.

The transactions of commercial draft increased slightly. In Q1 2019, transactions of commercial papers totaled 48.9684 million, or RMB33.73 trillion, falling respectively by 15 percent and 14.11 percent yoy. These included 43.666 million transactions or RMB29.33 trillion of checks, with a respective yoy decrease of 17.09 percent and 15.74 percent; 5.0411 million actual settlements or RMB4.16 trillion of commercial drafts, with a yoy increase of 11.27 percent and 1.09 percent; 50,700 transactions or RMB50.437 billion of bank drafts, with a yoy decrease of 20.27 percent and 14.74 percent; and 210,500 transactions or RMB192 billion of bank promissory notes, with a yoy decrease of 40.28 percent and 34.04 percent, respectively.

Transactions processed by the electronic commercial draft system grew rapidly⁸. Q1 2019 saw the following transactions: 4.4398 million issues of RMB5.11 trillion, up 62.77 percent and 38.2 percent yoy respectively; 4.5543 million acceptances of RMB5.23 trillion, up 61.49 percent and 38.15 percent yoy; 1.5851 million discounts of RMB3.54 trillion, up 117.87 percent and 73.43 percent yoy; 2.2808 million inter-bank discounts of RMB11.85 trillion, up 46.08 percent and 28.35 percent yoy; and 226,900 bond-pledged repos of RMB2.5 trillion, up 72.91 percent and 68.26 percent⁹ yoy.

(III) Credit Transfers and Other Settlement Transactions

The volume of credit transfers and other settlement transactions edged down. In Q1 2019, the number of other settlement transactions including credit transfer, direct debit, collection with acceptance, and domestic L/C totaled 1.969 billion, with a cumulative amount of RMB676.18 trillion, down 18.54 percent and up 0.84 percent yoy respectively. To be specific, the credit transfer transactions decreased to 1.850 billion, totaling RMB667.09 trillion.

(IV) Electronic Payment

The mobile payment transaction volume grew rapidly. In Q1 2019, banking financial institutions processed a total of 48.151 billion electronic payment transactions¹⁰ in RMB742.01 trillion. Specifically, the transaction volume of online payment reached 16.286 billion and the trading value posted RMB622.68 trillion, up 34.59 percent and down 2.06 percent yoy respectively. The transaction volume and value of mobile payment reached 19.69 billion and RMB86.62 trillion, up 79.60 percent and 22.32 percent yoy respectively. The transaction volume of payment by phone stood at 0.0045 million and the transaction value reached RMB2.29 trillion, up 2.07 percent and 8.76 percent yoy respectively.

⁸ The data of the electronic commercial draft system were from Shanghai Commercial Paper Exchange.

⁹ Since Q3 2017, the statistics of inter-bank discounts and bond-pledged repos of electronic commercial drafts have been compiled separately.

¹⁰ 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.

In Q1 2019, non-bank payment agencies processed a total of 148.532 billion online payment transactions¹¹ with an amount of RMB58.00 trillion, up 34.80 percent and 13.44 percent yoy respectively.

III. Payment Systems

In Q1 2019, the payment systems¹² processed a total of 107.058 billion transactions in payments of RMB1,648.15 trillion.

(I) PBC Payment Systems

In Q1 2019, the PBC payment systems¹³ processed 3.890 billion transactions in payments of RMB1,243.72 trillion, up 13.36 percent and 18.15 percent yoy respectively, accounting for 3.63 percent and 75.46 percent of the total payment transactions and value respectively. The daily processed transactions averaged 45.1394 million and the daily processed value averaged RMB20.52 trillion¹⁴.

The processed transactions in the HVPS maintained a steady growth. In Q1 2019, the HVPS processed 267 million transactions in payments of RMB1,180.02 trillion, up 6.29 percent and 18.95 percent yoy respectively. The daily transactions averaged 4.4449 million in volume and RMB19.67 trillion in value.

The transaction value of payments processed by BEPS surged. In Q1 2019, the BEPS processed 551 million transactions of RMB12.74 trillion, up 10.36 percent and up 65.24 percent yoy respectively. On a daily basis, the system processed 6.127 million transactions of RMB141.584 billion.

The transaction volume of IBPS grew slowly. In Q1 2019, the IBPS processed 2.994 billion transactions in payments of RMB24.05 trillion, up 14.96 percent and 20.32 percent yoy respectively. On a daily basis, the system processed 33.2672 million transactions of RMB267.273 billion.

¹¹ 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.

¹² 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.

¹³ The PBC Payment Systems include HVPS, BEPS, IBPS, CFXPS, ACH.

¹⁴ In Q1 2019, HVPS, CFXPS, ACHs and CIPS operated for 60 business days; and other payment systems 90 business days. The actual operation business days are used for calculation of daily averages, similarly hereinafter.

The transaction value of ACH continued to decrease. In Q1 2019, the ACH¹⁵ processed 77.5154 million transactions in payments of RMB24.81 trillion, up 1.62 percent in volume and down 19.92 percent in value yoy respectively. On a daily basis, the system processed 1.2919 million transactions of RMB413.481 billion.

The number of CFXPS transactions edged down. In Q1 2019, the system processed 503,600 transactions of USD311.133 billion (equivalent to about RMB2.10 trillion¹⁶), a yoy decrease of 4.99 percent and up 0.41 percent respectively. On a daily basis, the system processed 8,393.18 transactions of USD5.186 billion (equivalent to about RMB34.917 billion).

(II) Other Payment Systems¹⁷

The transaction volume of the intra-bank payment systems of banking financial institutions declined. In Q1 2019, these systems processed 4.333 billion transactions of RMB302.87 trillion, down 47.52 percent and 10.49 percent yoy respectively. On a daily basis, the system processed 48.1442 million transactions of RMB3.37 trillion.

The number of transactions processed by interbank bankcard payment system surged¹⁸. In Q1 2019, the system processed 22.799 billion transactions¹⁹ of RMB38.27 trillion, up 283.32 percent and 40.69 percent yoy respectively. On a daily basis, the system processed 253 million transactions of RMB425.181 billion.

The number of transactions processed by urban commercial bank draft processing system and payment & clearing system witnessed sharp drop²⁰. In Q1 2019, the systems processed 1.0304 million transactions of RMB156.189 billion, down 92.80 percent in volume and 0.91 percent in value yoy. The daily transactions averaged 11400.00 of RMB1.735 billion.

¹⁵ The ACH includes the intra-city notes exchange system and intra-city electronic clearing system.

¹⁶ 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.

¹⁷ As per the PBC working requirement of “breaking the direct connection between the third party payment organization and commercial bank”, the 3rd payment agent will join the system of Unionpay or Nets Union, and the business between commercial bank and payment agent, that between the 3rd payment organization and city commercial bank clearing co., ltd. or member of rural credit bank capital settlement centre will not be calculated by inner bank system, city commercial bank payment and clearing system and rural credit bank payment and clearing system.

¹⁸ The portfolio data of interbank bankcard payment system is from China Unionpay Co., Ltd.

¹⁹ 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 transactions are excluded. Since 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.

²⁰ The portfolio data of the city commercial bank draft processing system and payment & clearing system is from the City Commercial Bank Clearing Co., Ltd.

The transaction volume of rural credit bank payment & clearing system decline sharply. In Q1 2019, the system processed 0.22 billion transactions of RMB790.128 billion, down 83.17 percent and 57.18 percent yoy respectively. The daily transactions averaged 2.4397 million of RMB8.779 billion.

The transaction volume of CIPS continued to increase²¹. In Q1 2019, the CIPS processed 387,800 transactions in payments of RMB7.62 trillion, up 17.97 percent and 39.76 percent yoy respectively. The daily transactions averaged 6,462.80 of RMB127.013 billion.

The Nets Union platform functioned smoothly²². In Q1 2019, the platform processed 75.815 billion transactions in payments of RMB54.72 trillion²³. The daily transactions averaged 842 million in payments of RMB607.96 billion.

²¹ The portfolio data of CIPS is from Cross-border Interbank Payment and Settlement Co., Ltd.

²² The portfolio data of the Nets Union platform is from Nets Union Clearing Co., Ltd.

²³ The data refers to online payment transaction volume initiated by payment institutions and processed by the Nets Union platform via bank accounts.