

## Payment System Report (Q1 2021)<sup>1</sup>

According to payment statistics in Q1 2021, the number of bank accounts edged up, and the volume of non-cash payments grew rapidly. The transaction value in payment systems rose steadily, and the payment systems functioned smoothly in general across the country.

### I. Bank Accounts<sup>2</sup>

**The number of bank accounts edged up.** At end-Q1 2021, bank accounts reached 12.855 billion nationwide, increasing 2.55 percent quarter on quarter (q-o-q), a deceleration of 0.50 percentage points from the end of previous quarter.

**The number of bank accounts held by institutions maintained growth.** At end-Q1 2021, bank accounts held by institutions totaled 76.8706 million, increasing 2.75 percent q-o-q, representing an acceleration of 1.00 percentage point from end-Q4 2020. Specifically, 55.3830 million were basic deposit accounts; 17.1677 million were general deposit accounts; 4.1330 million were special deposit accounts; and 186,900 were temporary deposit accounts. They accounted for 72.05 percent, 22.33 percent, 5.38 percent and 0.24 percent of the total number of bank accounts held by institutions, respectively. In Q1 2021, basic deposit accounts, general deposit accounts, special deposit accounts and temporary deposit accounts increased by 1.4466 million, 532,200, 77,300 and 1,600, respectively.

**The number of individual bank accounts experienced an uptick.** At end-Q1 2021, individual bank accounts totaled 12.779 billion, 318 million more than that from the end of the previous quarter, marking an increase of 2.55 percent

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

<sup>2</sup> Bank accounts refer to RMB bank settlement accounts.

q-o-q, with a deceleration of 0.51 percentage points from end-Q4 2020. The number of accounts held per capita<sup>3</sup> reached 9.05.

## **II. Non-cash Payment Instruments**

In Q1 2021, a total of 87.346 billion non-cash payment transactions<sup>4</sup> with an amount of RMB1065.59 trillion were processed by banking financial institutions nationwide, exhibiting a year-on-year (y-o-y) increase of 38.48 percent and 20.65 percent respectively.

### **(I) Bank cards**

**The number of bank cards in use went up slightly.** At end-Q1 2021, the number of bankcards in use rose 0.84 percent q-o-q to 9.030 billion, down 0.93 percentage points compared with the growth rate of that at the end of the previous quarter. Specifically, debit cards in use rose 0.84 percent q-o-q to 8.245 billion, while credit cards and debit-credit integrated cards in use rose 0.85 percent q-o-q to 784 million. The number of bankcards per capita reached 6.40, among which the per capita number of credit cards and debit-credit integrated cards recorded 0.56.

**The number of bankcard processing terminals decreased moderately.** At end-Q1 2021, merchants, terminals<sup>5</sup> connected to the inter-bank bankcard payment system and ATM terminals<sup>6</sup> recorded 25.9311 million, 34.7165 million and 1.0062 million respectively, recording a decrease of 3.0164 million, 3.6138 million and 7,700 q-o-q respectively. The number of

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<sup>3</sup> When indicators involve per capita figures, the population applied is 1.41178 billion of mainland China at end-2020, in accordance with the data released by the National Bureau of Statistics, similarly hereinafter.

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

<sup>5</sup> The data of merchants and terminals that were connected to the inter-bank bankcard payment system are from China UnionPay Co., Ltd. Since Q1 2020, UnionPay has adjusted the relevant statistical standards, adding the statistics of the QR code used-only equipments such as QR code scanners, white boxes for payments and merchant-presented QR code, and corresponding offline merchants connected to the payment system. Quarter-on-Quarter data are calculated on a comparable basis.

<sup>6</sup> 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.

terminals connected to the inter-bank bankcard payment system per 10,000 persons recorded 245.91, down 10.18 percent q-o-q, and the number of ATMs per 10,000 persons recorded 7.13, down 1.58 percent q-o-q.

**Bankcard transactions climbed up steadily.** In Q1 2021, a total of 84.925 billion bankcard transactions<sup>7</sup> with an amount of RMB254.94 trillion were processed across the country, increasing 39.03 percent and 28.46 percent y-o-y respectively. The transactions included 1.381 billion cash deposits of RMB11.19 trillion, 2.117 billion cash withdrawals of RMB11.57 trillion, 35.146 billion transfers of RMB198.97 trillion, and 46.282 billion consumer payments of RMB33.22 trillion. The bankcard penetration rate stood at 49.29 percent, increasing 0.12 percentage points q-o-q. The consumer payment per capita via bank cards reached RMB23,500, increasing 30.48 percent y-o-y. The consumer payment per bank card registered RMB3679.36, increasing 24.28 percent y-o-y. The consumer payment per transaction via bank cards recorded RMB717.85, down 13.95 percent y-o-y.

**The outstanding balance of bankcard credit maintained growth.** At end-Q1 2021, the total bankcard credit line<sup>8</sup> recorded RMB19.64 trillion, up 3.59 percent from the end of the previous quarter. The outstanding balance of bankcard credit stood at RMB7.99 trillion, up 1.00 percent q-o-q. The credit line per bank card was RMB25,000, with the credit utilization rate<sup>9</sup> standing at 40.69 percent. The total outstanding amount of credit in arrears for more than half a year<sup>10</sup> was RMB89.220 billion, up 6.39 percent q-o-q, accounting for 1.12 percent of the total outstanding balance of credit.

## **(II) Commercial Papers**

**The transaction volume of commercial drafts rose slightly.** In Q1 2021,

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<sup>7</sup> Bankcard transactions refer to the sum of RMB and foreign currency denominated transactions.

<sup>8</sup> Total bankcard credit line refers to the sum of credit lines of credit cards and debit-credit integrated cards.

<sup>9</sup> The credit line utilization rate is the ratio of outstanding bankcard credit balance to total credit line.

<sup>10</sup> The total outstanding amount of credit in arrears for more than half a year refers to the balance of outstanding principal of a credit card that has not fully repaid the minimum payment with overdue period over 181 days (inclusive), excluding the written-off amount.

transactions of commercial papers totaled 36.8688 million nationwide, or RMB30.32 trillion, increasing by 6.54 percent and 0.68 percent y-o-y respectively<sup>11</sup>. These included 30.4578 million transactions or RMB24.25 trillion of checks, with an increase of 6.13 percent and a decrease of 2.32 percent y-o-y respectively; 6.3041 million actual settlements of commercial drafts or RMB5.93 trillion, with an increase of 9.03 percent and 15.51 percent y-o-y respectively; 34,600 transactions or RMB34.635 billion of bank drafts, with an increase of 22.54 percent and a decrease of 12.27 percent y-o-y respectively; 72,300 transactions or RMB98.058 billion of bank promissory notes, with a decrease of 25.68 percent and 11.63 percent y-o-y respectively.

**Transactions processed by the electronic commercial draft system<sup>12</sup> kept rising.** Q1 2021 saw the following transactions processed by the electronic commercial draft system. 6.7001 million issues of RMB5.94 trillion, increasing by 39.65 percent and 1.80 percent y-o-y respectively; 6.8585 million acceptances of RMB6.06 trillion, increasing by 39.48 percent and 1.68 percent y-o-y respectively; 2.0133 million discounts, up 10.27 percent, and with an amount of RMB3.61 trillion, down 16.93 percent y-o-y; 2.9344 million interbank discounts of RMB11.21 trillion, increasing 13.91 percent and decreasing 8.14 percent y-o-y respectively; 604,500 bond-pledged repos of RMB5.13 trillion, increasing 51.39 percent and 43.71 percent y-o-y respectively; and 70,900 bond buyout repos of RMB370.945 billion, increasing 995.09 percent and 1005.85 percent y-o-y respectively.

### **(III) Credit Transfers and Other Settlement Transactions**

**The volume of credit transfers and other settlement transactions continued to grow.** In Q1 2021, the number of other settlement transactions including credit transfer, direct debit, collection with acceptance, and domestic L/C

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<sup>11</sup> Affected by the pandemic, in Q1 2020, the decline in commercial paper utilization rate was much greater than those in previous years, with its volume and value decreasing by 29.33 percent and 10.72 percent y-o-y respectively, which resulted in a slight recovery in the volume of commercial paper businesses in Q1 2021 compared with the same period of last year.

<sup>12</sup> The data of the electronic commercial draft system are from the Shanghai Commercial Paper Exchange.

totaled 2.384 billion, with an amount of RMB780.33 trillion, increasing 21.80 percent and 19.20 percent y-o-y respectively. In particular, the credit transfer transactions recorded 2.285 billion, totaling RMB766.76 trillion.

#### **(IV) Electronic Payment**

**Mobile payment transaction volume maintained growth.** In Q1 2021, banks processed a total of 61.018 billion electronic payment transactions<sup>13</sup> in RMB710.08 trillion. Specifically, the transaction volume and value of online payment posted 22.534 billion and RMB553.50 trillion, up 27.43 percent and 13.54 percent y-o-y respectively. The transaction volume and value of mobile payment reached 32.617 billion and RMB130.14 trillion, up 44.94 percent and 43.30 percent y-o-y respectively. The transaction volume and value of payment by phone reached 65 million and RMB3.04 trillion, up 26.74 percent and 11.67 percent y-o-y respectively.

In Q1 2021, non-bank payment institutions processed a total of 220.625 billion online payment transactions<sup>14</sup> with an amount of RMB86.47 trillion, up 54.06 percent and 41.99 percent y-o-y respectively.

### **III. Payment Systems**

In Q1 2021, the payment systems<sup>15</sup> processed a total of 184.088 billion

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<sup>13</sup> The volume of electronic payment business processed by banks refers to the number and amount of business transactions initiated by customers from settlement accounts through online banking, telephone banking, mobile banking, ATM, POS and other electronic channel. Specifically, online payment refers to the number and amount of payments initiated through bank settlement accounts by customers using electronic devices such as computers. Mobile payment refers to the number and amount of payments initiated by customers through bank settlement accounts using mobile devices such as mobile phones.

<sup>14</sup> 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 Packets and similar entertainment products. On April 1<sup>st</sup> 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 have been collected based on bankcard payment acquiring services instead of online payment.

<sup>15</sup> The payment systems include HVPS (high-value real-time payment system), BEPS (bulk electronic payment system), IBPS (internet banking payment system), 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

transactions in payments of RMB2,214.08 trillion, up 49.82 percent and 29.09 percent y-o-y respectively. The payment value represented 88.81 times the amount of GDP in Q1 2021.

### **(I) PBC Payment Systems**

In Q1 2021, the PBC payment systems<sup>16</sup> processed 5.309 billion transactions in payments of RMB1,538.43 trillion, up 25.39 percent and 18.18 percent y-o-y respectively, accounting for 2.88 percent and 69.48 percent of the total payment transactions and value respectively. The daily processed transactions averaged 59.6730 million, and the daily processed value averaged RMB25.05 trillion<sup>17</sup>.

**The transactions volume of the HVPS increased.** In Q1 2021, the HVPS processed 123 million transactions in payments of RMB1,428.96 trillion, up 9.20 percent and 16.57 percent y-o-y respectively. The daily transactions averaged 2.0514 million in volume and RMB23.82 trillion in value.

**The transaction value of payments processed by BEPS continued to rise.** In Q1 2021, the BEPS processed 947 million transactions of RMB39.20 trillion, up 36.09 percent and 25.92 percent y-o-y respectively. On a daily basis, the system processed 10.5242 million transactions of RMB435.505 billion.

**The transaction value of IBPS expanded rapidly.** In Q1 2021, the IBPS processed 4.238 billion transactions in payments of RMB66.89 trillion, up 24.70 percent and 66.50 percent y-o-y respectively. On a daily basis, the system processed 47.0836 million transactions of RMB743.188 billion.

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international payment system) and NetsUnion clearing system.

<sup>16</sup> The PBC Payment Systems include HVPS, BEPS, IBPS and CFXPS. All ACH businesses were incorporated into HVPS and BEPS for processing in December 2020. Therefore, the transaction volume and value of ACH will no longer be disclosed separately starting from Q1 2021.

<sup>17</sup> In Q1 2021, HVPS, CIPS and CFXPS operated for 60 business days, while other payment systems operated for 90 business days. The actual operation business days are used for calculation of daily averages, similarly hereinafter.

**The transactions volume of CFXPS surged.** In Q1 2021, the CFXPS processed 832,400 transactions in payments of USD516.239 billion (equivalent to about RMB3.39 trillion<sup>18</sup>), a y-o-y increase of 72.02 percent and 64.72 percent respectively. On a daily basis, the system processed 13,900 transactions of USD8.604 billion (equivalent to about RMB56.539 billion).

## **(II) Other Payment Systems<sup>19</sup>**

**The value of transactions processed by the intra-bank payment systems of banking financial institutions grew at a relatively fast pace.** In Q1 2021, these systems processed 4.525 billion transactions of RMB499.29 trillion, up 17.71 percent and 67.67 percent y-o-y respectively. On a daily basis, the systems processed 50.2745 million transactions of RMB5.55 trillion.

**The volume of transactions processed by interbank bankcard payment system<sup>20</sup> soared.** In Q1 2021, the system processed 42.957 billion transactions<sup>21</sup> of RMB54.57 trillion, up 65.05 percent and 31.18 percent y-o-y respectively. On a daily basis, the system processed 477 million transactions of RMB606.350 billion.

**The volume of transactions processed by urban commercial bank draft processing system and payment & clearing system<sup>22</sup> climbed up rapidly.** In Q1 2021, the systems processed 3.3128 million transactions of RMB375.835

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<sup>18</sup> 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.

<sup>19</sup> According to the PBC working requirement of “breaking the direct connection between the third party payment institutions and commercial banks”, all third-party payment institutions joined the system of UnionPay or 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.

<sup>20</sup> The data of interbank bankcard payment system are from China UnionPay Co., Ltd.

<sup>21</sup> 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.

<sup>22</sup> The data of the urban commercial bank draft processing system and payment & clearing system are from the Urban Commercial Bank Clearing Co., Ltd.

billion<sup>23</sup>, up 227.21 percent and 116.21 percent y-o-y respectively. The daily transactions averaged 36,800 of RMB4.176 billion.

**The transaction volume of rural credit bank payment & clearing system<sup>24</sup> saw rapid growth.** In Q1 2021, the system processed 543 million transactions of RMB845.971 billion, up 68.54 percent and 38.43 percent y-o-y. The daily transactions averaged 6.0289 million of RMB9.400 billion.

**The transaction volume of CIPS<sup>25</sup> expanded rapidly.** In Q1 2021, the CIPS processed 756,000 transactions in payments of RMB17.49 trillion, up 70.25 percent and 82.60 percent y-o-y respectively. The daily transactions averaged 12,600 of RMB291.479 billion.

**The transaction volume of NetsUnion platform<sup>26</sup> maintained relatively fast growth.** In Q1 2021, the platform processed 130.750 billion transactions in payments of RMB103.07 trillion<sup>27</sup>, up 47.84 percent and 61.99 percent y-o-y. The daily transactions averaged 1.453 billion in payments of RMB1.15 trillion.

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<sup>23</sup> 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.

<sup>24</sup> The data of rural credit banks payment & clearing system are from the Rural Credit Banks Funds Clearing Center.

<sup>25</sup> The data of CIPS are from Cross-border Interbank Payment and Settlement Co., Ltd.

<sup>26</sup> The data of the NetsUnion platform are from NetsUnion Clearing Co., Ltd.

<sup>27</sup> The data refer to online payment transaction volume initiated by payment institutions and processed by the NetsUnion platform via bank accounts.



