

Payment System Report (Q4 2018)¹

According to payment statistics in Q4 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 Q4 2018, a total of 63.384 billion non-cash payment transactions² with a trading amount of RMB 960.89 trillion were processed by banking financial institutions nationwide, a year-on-year (yoy) increase of 34.53% and 0.33% respectively.

(I) Commercial Papers

The transactions of commercial draft increased slightly. In Q4 2018, a total of 57.9334 million transactions in RMB 38.19 trillion were completed with commercial papers, a yoy decrease of 13.51% in volume and 14.82% in amount. Specifically, 52.9544 million were made in checks with an amount of RMB 33.92 trillion, a yoy decrease of 15.19% in volume and 16.37% in amount; 4.708 million in commercial drafts with an amount of RMB 4.02 trillion, a yoy increase of 14.31% in volume and 3.75% in amount; 66,500 in bank drafts with an amount of RMB 50.705 billion, a yoy decrease of 16.27% and 41.46% respectively; 204,400 in bank promissory notes with an amount of RMB 192.282 billion, a yoy decrease of 40.84% and 37.23% respectively.

The transactions of electronic commercial draft system grew rapidly. In Q4 2018, the electronic commercial draft system witnessed an issuance volume of 4.4583 million with an amount of RMB 4.88 trillion, up 85.81% and 33.93% yoy respectively; 4.5561 million transactions of acceptance, with an amount of RMB 5 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.

84.80% and 33.54% yoy respectively; 1.4053 million transactions of discount, with an amount of RMB 2.93 trillion, up 121.67% and 57.61% yoy respectively; 1.7282 million transactions of inter-bank discount, with an amount of RMB 8.34 trillion, up 13.64% in volume and down 21.70% in amount yoy respectively; 147,200 transactions of bond pledged repo, with an amount of RMB 1.64 trillion, up 24.27% and 0.05% yoy respectively³.

(II) Bankcards

The bankcard issuance continued to increase. At end-Q4 2018, the number of bankcards in use reached 7.597 billion, a quarter-on-quarter (qoq) growth of 2.86%. To be specific, 6.911 billion were debit cards, a qoq growth of 2.75%; 686 million were credit cards and debit-credit integrated cards, a qoq growth of 4.01%. The number of bankcards per capita was 5.46 while and the number of debit-credit integrated card per capita reached 0.49⁴.

The number of bankcard acceptance terminals remained generally stable. At end-Q4 2018, 27.3300 million merchants, 34.1482 million POS terminals and 1.1108 million ATM terminals⁵ were connected to the interbank bankcard payment system, increasing by 827,200, 1.8357 million and decreasing by 17,700 qoq respectively. The number of POS terminals per 10,000 persons across the country reached 245.66, a qoq increase of 5.68%, while the number of ATM terminals per 10,000 persons across the country was 7.99, a qoq decrease of 1.57%.

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 rose steadily. In Q4 2018, a total of 61.019 billion bankcard transactions⁶ were processed across the country with a cumulative trading amount of RMB 210.47 trillion, up 38.49% and 7.11% yoy respectively. Specifically, a total of 1.86 billion cash deposit transactions, 3.289 billion cash withdrawal transactions, 26.999 billion transfer transactions and 28.87 billion consumer payment transactions took place with an amount of RMB 13.85 trillion, RMB 13.73 trillion, RMB 157.44 trillion and RMB 25.45 trillion respectively. The bankcard penetration rate in Q4 2018 reached 48.98%, down 0.01 percentage point qoq. The consumer payment per capita via bankcards reached RMB 18,300, up 29.76% yoy. The consumer payment per bankcard stood at RMB 3,350.51, up 14.93% yoy. The consumer payment per transaction via bankcard reached RMB 881.64, down 20.45% yoy.

The bankcard credit grew moderately, the percentage of total outstanding amount of credit in arrears for more than half a year declined. At end-Q4 2018, the total bankcard credit line⁷ reached RMB 15.40 trillion, a qoq growth of 4.83%, while the outstanding balance of bankcard credit was RMB 6.85 trillion, a qoq growth of 3.61%. 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 arrears for more than half a year decreased by 0.18 percentage point qoq to RMB 78.861 billion, accounting for 1.16% in the total outstanding credit balance.

(III) Credit Transfers and Other Settlement Transactions

Volume of credit transfers and other settlement transactions edged down. In Q4 2018, the number of other settlement transactions including credit transfer, direct debit, collection with acceptance and domestic L/C was 2.307 billion with a cumulative amount of RMB 712.23 trillion, down 22.77% and 0.58% yoy respectively. To be specific, the credit transfer transactions reached 2.179 billion, totaling RMB 702.31 trillion.

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.

(IV) Electronic Payment

The mobile payment transaction volume grew rapidly. In Q4 2018, banking financial institutions processed a total of 46.595 billion electronic payment transactions⁹ in RMB 615.95 trillion. Specifically, the transaction volume of online payment reached 16.148 billion and the trading amount posted RMB 507.91 trillion, up 20.36% and 0.97% yoy respectively. The transaction volume and amount of mobile payment reached 17.708 billion and RMB 78.22 trillion, up 78.79% and 45.47% yoy respectively. The transaction volume of payment by phone stood at 35.6484 million and the transaction amount reached RMB 1.75 trillion, down 9.18% and 15.47% yoy respectively.

In Q4 2018, non-bank payment agencies processed a total of 157.862 billion online payment transactions¹⁰ with an amount of RMB 56.63 trillion, up 60.21% and 22.26% yoy respectively.

II. Payment Systems

In Q4 2018, the payment systems¹¹ processed a total of 104.455 billion transactions in payments of RMB 1,633.38 trillion.

(I) PBC Payment Systems

In Q4 2018, the PBC payment systems¹² processed 4.279 billion transactions in payments of RMB 1,223.64 trillion, up 18.75% and 14.57% yoy respectively,

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.

¹² The PBC Payment Systems include HVPS, BEPS, IBPS, ACH, CFXPS.

accounting for 4.10% and 74.91% of the total payment transactions and value respectively. The daily processed transactions averaged 48.4274 million and the daily processed amount averaged RMB 19.25 trillion¹³.

The processed transactions in the HVPS maintained a steady growth. In Q4 2018, the HVPS processed 284 million transactions in payments of RMB 1,161.62 trillion, up 9.79% and 15.31% yoy respectively. The daily transactions averaged 4.5087 million in volume and RMB 18.44 trillion in amount.

The transaction volume of payments processed by BEPS continued to rise. In Q4 2018, the BEPS processed 601 million transactions of RMB 10.58 trillion, down 2.20% and up 27.18% yoy respectively. On a daily basis, the system processed 6.5351 million transactions of RMB 115.035 billion.

The transaction volume of IBPS grew slowly. In Q4 2018, the IBPS processed 3.295 billion transactions in payments of RMB 24.2 trillion, up 24.88% and 27.50% yoy respectively. On a daily basis, the system processed 35.8116 million transactions of RMB 263.076 billion.

The transaction volume of ACH continued to decrease. In Q4 2018, the ACH¹⁴ processed 98.4909 million transactions in payments of RMB 25.01 trillion, up 8.01% in volume and down 20.36% in amount yoy respectively. On a daily basis, the system processed 1.5633 million transactions of RMB 396.947 billion.

The transaction volume of CFXPS continued to grow. In Q4 2018, the system processed 534,200 transactions of USD 324.808 billion (equivalent to about RMB

¹³ In Q4 2018, HVPS, ACHs and CIPS operated for 63 business days; CFXPS 61 business days; and other payment systems 92 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.

2.23 trillion¹⁵), a yoy increase of 1.72% and 9.73% respectively. On a daily basis, the system processed 8,756.66 transactions of USD 5.325 billion (equivalent to about RMB 36.545 billion).

(II) Other Payment Systems

The daily transaction volume of the intra-bank payment systems of banking financial institutions declined on average. In Q4 2018, these systems processed 8.58 billion transactions of RMB 326.45 trillion, down 0.47% and 7.95% yoy respectively. On a daily basis, the system processed 93.2625 million transactions of RMB 3.55 trillion.

The transaction volume of interbank bankcard payment system continued to increase. In Q4 2018, the system processed 7.64 billion transactions¹⁶ of RMB 32.56 trillion, up 21.36% and 23.23% yoy respectively. On a daily basis, the system processed 83.0395 million transactions of RMB 353.912 billion.

The transaction volume of urban commercial bank draft processing system and payment & clearing system witnessed sharp drop. In Q4 2018, the systems processed 7.5387 million transactions¹⁷ of RMB 156.790 billion, down 41.85% in volume and 30.41% in amount yoy. The daily transactions averaged 81,900 of RMB 1.704 billion.

The transaction volume of rural credit bank payment & clearing system maintained swift growth. In Q4 2018, the system processed 3.048 billion transactions of RMB 2.63 trillion, up 151.90% and 44.81% yoy respectively. The daily transactions averaged 33.1259 million of RMB 28.620 billion.

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.

The transaction volume of CIPS continued to increase. In Q4 2018, the CIPS processed 393,200 transactions in payments of RMB 7.43 trillion, up 15.23% and 43.95% yoy respectively. The daily transactions averaged 6,240.64 of RMB 117.975 billion.

The Nets Union platform functioned smoothly. In Q4 2018, the platform processed 80.901 billion transactions in payments of RMB 40.51 trillion¹⁸. The daily transactions averaged 879 million in payments of RMB 440.303 billion.

III. RMB Bank Settlement Account

The number of RMB bank settlement accounts grew steadily. At end-Q4 2018, the RMB bank settlement accounts totaled 10.130 billion, up 2.63% qoq, a deceleration of 0.05 percentage point from the previous quarter.

The number of bank settlement accounts held by institutions increased slightly. At end-Q4 2018, bank settlement accounts opened by institutions totaled 61.1887 million, up 2.38% qoq, representing a deceleration of 0.60 percentage point. Among these accounts, 43.3498 million were basic deposit accounts, an increase of 1.2186 million qoq; 14.0788 million were general deposit accounts, an increase of 164,900 qoq; 3.5745 million were specified deposit accounts, an increase of 38,300 qoq; and 185,600 were temporary deposit accounts, a decrease of 2,000 qoq. They accounted for 70.85%, 23.01%, 5.84% and 0.30% of the total number of entity-opened bank settlement accounts respectively.

The number of individual bank settlement accounts increased steadily. At end-Q4 2018, the bank settlement accounts opened by individuals totaled 10.068 billion, an

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

increase of 258 million, up 2.63% qoq, a deceleration of 0.04 percentage point from Q3 2018. The number of accounts held per capita reached 7.24.