

## Payment System Report (Q2 2019)<sup>1</sup>

According to payment statistics in Q2 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 Accounts<sup>2</sup>

**The number of RMB bank accounts grew steadily.** At end-Q2 2019, the RMB bank accounts totaled 10.662 billion, increasing 1.96 percent qoq (quarter on quarter), a deceleration of 1.27 percentage points from the previous quarter.

**The number of bank accounts held by institutions maintained its growth.** At end-Q2 2019, bank accounts opened by institutions totaled 64.883 million, increasing 3.17 percent qoq, representing an acceleration of 0.4 percentage points. Among these accounts, 46.2559 million were basic deposit accounts, with an increase of 1.6094 million qoq; 14.7691 million were general deposit accounts, with an increase of 334,700 qoq; 3.6747 million were specified deposit accounts, with an increase of 53,300 qoq; and 183,200 were temporary deposit accounts, with a decrease of 1,900 qoq. They accounted for 71.29 percent, 22.76 percent, 5.66 percent and 0.28 percent of the total number of entity-holding bank accounts respectively.

**The number of individual bank accounts increased steadily.** At end-Q2 2019, the bank accounts opened by individuals totaled 10.597 billion, marking an increase of 203 million or 1.95 percent qoq, with a deceleration of 1.28 percentage points from Q1 2019. The number of accounts held per capita<sup>3</sup> reached 7.59.

### II. Non-cash Payment Instruments

In Q2 2019, a total of 78.847 billion non-cash payment transactions with a amount of RMB952.23 trillion were processed by banking financial institutions nationwide, exhibiting a year-on-year (yoy) increase of 47.77 percent and 0.05 percent respectively.

#### (I) Bankcards

**Bankcard issuance continued to increase.** At end-Q2 2019, the number of bankcards in use rose 2.64 percent qoq to 7.978 billion, among which debit cards rose 2.60 percent qoq to 7.267 billion, while credit cards and debit-credit integrated cards rose 3.04 percent qoq to 711 million. The number of total bankcards per capita reached 5.72, and the per capita number of credit cards and debit-credit integrated cards recorded 0.51.

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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 account.

<sup>3</sup> 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.

**The number of bankcard acceptance terminals<sup>4</sup> remained generally stable.** At end-Q2 2019, 25.1748 million merchants and 32.8729 million POS terminals were connected to the interbank bankcard payment system, with a qoq increase of 557,200 and 518,700 respectively. 1.1004 million ATM terminals<sup>5</sup> were connected to the interbank bankcard payment system, decreasing by 11,000. The numbers of POS and ATM terminals per 10,000 persons rose and fell by 1.60 percent and 0.99 percent qoq, respectively, to 235.58 and 7.89.

**Bankcard transactions rose steadily.** In Q2 2019, a total of 76.7 billion bankcard transactions<sup>6</sup> with a cumulative trading amount of RMB217.11 trillion were processed across the country, increasing 50.95 percent and 0.24 percent yoy respectively. The transactions included 1.773 billion cash deposits of RMB12.92 trillion, 2.759 billion cash withdrawals of RMB11.93 trillion, 34.018 billion transfers of RMB164.04 trillion, and 38.15 billion consumer payments of RMB28.24 trillion. The bankcard penetration rate in Q2 2019 stood at 49.02 percent, increasing 0.01 percentage points qoq. The per capita number of consumer payment via bankcards reached RMB20,200, increasing 24.20 percent yoy. The consumer payment per bankcard reached RMB3539.33, increasing 12.32 percent yoy. The consumer payment per transaction via bankcards recorded RMB740.12, decreasing 21.60 percent yoy.

**The bankcard credit exhibited appropriate growth.** At end-Q2 2019, the total bankcard credit line<sup>7</sup> reached RMB16.32 trillion, with a qoq growth of 3.23 percent, while the outstanding balance of bankcard credit was RMB7.23 trillion, with a qoq growth of 3.64 percent. The credit line per bankcard was RMB22,900, with the credit utilization rate<sup>8</sup> standing at 44.31 percent. The total outstanding amount of credit in arrears for more than half a year reached RMB83.884 billion, accounting for 1.17 percent of the total outstanding credit balance, 0.02 percentage points qoq.

## **(II) Commercial Papers**

**The transactions of commercial draft increased slightly.** In Q2 2019, transactions of commercial papers totaled 44.9113 million, or RMB32.41 trillion, falling respectively by 14.27 percent and 8.88 percent yoy. These included 39.5247 million transactions or RMB27.88 trillion of checks, with a respective yoy decrease of 16.64 percent and 10.91 percent; 5.1446 million actual settlements or RMB4.33 trillion of commercial drafts, with a yoy increase of 12.35 percent and 9.16 percent; 60,900 transactions or RMB40.268 billion of bank drafts, with a yoy decrease of 8.12 percent and 6.82 percent; and 181,000 transactions or RMB162.317 billion of bank promissory notes, with a yoy decrease of 45.03 percent and 39.77 percent, respectively.

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<sup>4</sup> The portfolio data of merchants and POS terminals that were connected to interbank bankcard payment system is from China Unionpay Co., Ltd.

<sup>5</sup> 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.

<sup>6</sup> Bankcard transactions were the sum of RMB and foreign currency denominated transactions.

<sup>7</sup> Total bankcard credit line refers to the sum of credit lines of credit cards and debit-credit integrated cards.

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

**Transactions processed by the electronic commercial draft system<sup>9</sup> grew rapidly.** Q2 2019 saw the following transactions: 4.5832 million issues of RMB4.43 trillion, increasing 42.79 percent and 15.73 percent yoy respectively; 4.6759 million acceptances of RMB4.54 trillion, increasing 41.08 percent and 15.58 percent yoy; 1.5541 million discounts of RMB2.74 trillion, increasing 79.06 percent and 30.16 percent yoy; 1.9647 million inter-bank discounts of RMB9.3 trillion, increasing 19.54 percent and 15.47 percent yoy; and 282,600 bond-pledged repos of RMB3.46 trillion, increasing 73.23 percent and 103.24 percent yoy.<sup>10</sup>

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

**The volume of credit transfers and other settlement transactions remained generally stable.** In Q2 2019, the number of other settlement transactions including credit transfer, direct debit, collection with acceptance, and domestic L/C totaled 2.102 billion, with a cumulative amount of RMB702.71 trillion, dropping 15.70 percent and rising 0.45 percent yoy respectively. To be specific, the credit transfer transactions recorded 1.99 billion, totaling RMB693.98 trillion.

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

**The mobile payment transaction volume grew rapidly.** In Q2 2019, banking financial institutions processed a total of 53.671 billion electronic payment transactions<sup>11</sup> in RMB597.21 trillion. Specifically, online payment recorded 18.738 billion transactions or RMB486.8 trillion, which were up 35.09 percent and down 0.12 percent yoy respectively. The transaction volume and value of mobile payment reached 23.734 billion and RMB79.46 trillion, which were up 59.03 percent and 26.37 percent yoy respectively. The transaction volume of payment by phone posted 48 million and the transaction value reached RMB2.6 trillion, which were up 16.67 percent and 29.90 percent yoy respectively.

In Q2 2019, non-bank payment agencies processed a total of 177.777 billion online payment transactions<sup>12</sup> with an amount of RMB59.32 trillion, increasing 44.52 percent and 22.84 percent yoy respectively.

## **III. Payment Systems**

In Q2 2019, the payment systems<sup>13</sup> processed a total of 130.172 billion transactions in payments of RMB1,718.55 trillion.

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<sup>9</sup> The data of the electronic commercial draft system were from Shanghai Commercial Paper Exchange.

<sup>10</sup> Since Q3 2017, the statistics of inter-bank discounts and bond-pledged repos of electronic commercial drafts have been compiled separately.

<sup>11</sup> 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.

<sup>12</sup> 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 does not include the transaction volume of red envelopes and similar entertainment products. On April 1, 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.

<sup>13</sup> 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

## (I) PBC Payment Systems

In Q2 2019, the PBC payment systems<sup>14</sup> processed 4.322 billion transactions in payments of RMB1,308.49 trillion, which were up 13.38 percent and 19.38 percent yoy respectively, accounting for 3.32 percent and 76.14 percent of the total payment transactions and value respectively. The daily processed transactions averaged 49.2619 million and the daily processed value averaged RMB20.91 trillion<sup>15</sup>.

**The processed transactions in the HVPS maintained a steady growth.** In Q2 2019, the HVPS processed 270 million transactions in payments of RMB1,245.23 trillion, which were up 3.61 percent and 20.22 percent yoy respectively. The daily transactions averaged 4.3555 million in volume and RMB20.08 trillion in value.

**The transaction value of payments processed by BEPS surged.** In Q2 2019, the BEPS processed 598 million transactions of RMB12.22 trillion, which were up 14.58 percent and 49.38 percent yoy respectively. On a daily basis, the system processed 6.573 million transactions of RMB134.254 billion.

**The transaction volume of IBPS maintained a steady growth.** In Q2 2019, the IBPS processed 3.381 billion transactions in payments of RMB25.52 trillion, which were up 14.91 percent and 18.21 percent yoy respectively. On a daily basis, the system processed 37.1531 million transactions of RMB280.411 billion.

**The transaction volume of ACH continued to decrease.** In Q2 2019, the ACH<sup>16</sup> processed 72.6438 million transactions in payments of RMB23.53 trillion, which were down 16.51 percent in volume and 17.35 percent in value yoy respectively. On a daily basis, the system processed 1.1717 million transactions of RMB379.469 billion.

**The number of CFXPS transactions increased slightly.** In Q2 2019, the system processed 537,400 transactions of USD291.256 billion (equivalent to about RMB2 trillion<sup>17</sup>), with a yoy increase of 5.31 percent and a drop of 6.30 percent respectively. On a daily basis, the system processed 8,667.32 transactions of USD4.698 billion (equivalent to about RMB32.295 billion).

## (II) Other Payment Systems<sup>18</sup>

**The transaction volume of the intrabank payment systems of banking financial institutions declined.** In Q2 2019, these systems processed 3.778 billion

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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.

<sup>14</sup> The PBC Payment Systems include HVPS, BEPS, IBPS, CFXPS, ACH.

<sup>15</sup> In Q2 2019, HVPS, CFXPS, ACHs and CIPS operated for 62 business days and other payment systems 91 business days. The actual operating business days are used for calculation of daily averages, similarly hereinafter.

<sup>16</sup> The ACH includes the intra-city notes exchange system and the intra-city electronic clearing system

<sup>17</sup> The transaction value of CFXPS was calculated and then converted to RMB according to the exchange rate of the last trading day of each quarter.

<sup>18</sup> As per the PBC working requirement of “breaking the direct connection between third-party payment institutions and commercial banks”, all third-party payment institutions join the system of Unionpay or Nets Union, and the business between the payment institutions and commercial banks City Commercial Bank Clearing co., Ltd. or members of Rural Credit Banks Funds Clearing Center will not be included in calculating transactions of the inner bank system, city commercial bank payment and clearing system, and rural credit bank payment and clearing system.

transactions of RMB298.67 trillion, which were down 12.82 percent and 1.39 percent qoq respectively. On a daily basis, the systems processed 41.5112 million transactions of RMB3.28 trillion.

**The number of transactions processed by the interbank bankcard payment system<sup>19</sup> maintained its growth.** In Q2 2019, the system processed 34.383 billion transactions<sup>20</sup> of RMB44.68 trillion, which were up 50.81 percent and 16.76 percent qoq respectively. On a daily basis, the system processed 378 million transactions of RMB490.971 billion.

**The number of transactions processed by the urban commercial bank draft processing system and payment & clearing system increased<sup>21</sup>.** In Q2 2019, the systems processed 1.1654 million transactions of RMB174.834 billion, which were up 13.10 percent in volume and 11.94 percent in value qoq. The daily transactions averaged 12,800 or RMB1.921 billion.

**The transaction value of the rural credit bank payment & clearing system<sup>22</sup> declined.** In Q2 2019, the system processed 286 million transactions of RMB694.37 billion, which were up 30.22 percent and down 12.12 percent qoq respectively. The daily transactions averaged 3.1421 million or RMB7.63 billion.

**The transaction volume of CIPS<sup>23</sup> continued to increase.** In Q2 2019, the CIPS processed 452,000 transactions in payments of RMB8.21 trillion, which were up 33.27 percent and 25.44 percent yoy respectively. The daily transactions averaged 7,290.74 or RMB132.486 billion.

**The Nets Union platform<sup>24</sup> functioned smoothly.** In Q2 2019, the platform processed 87.402 billion transactions in payments of RMB57.63 trillion<sup>25</sup>. The daily transactions averaged 960 million in payments of RMB633.259 billion.

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<sup>19</sup> The portfolio data of the interbank bankcard payment system is from China Unionpay Co., Ltd.

<sup>20</sup> 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.

<sup>21</sup> The portfolio data of the city commercial bank draft processing system and payment & clearing system is from the City Commercial Bank Clearing Co., Ltd.

<sup>22</sup> The portfolio data of the rural credit banks payment & clearing system is from Rural Credit Banks Funds Clearing Center.

<sup>23</sup> The portfolio data of CIPS is from Cross-border Interbank Payment and Settlement Co., Ltd.

<sup>24</sup> The portfolio data of the Nets Union platform is from Nets Union Clearing Co., Ltd.

<sup>25</sup> The data refers to online payment transaction volume initiated by payment institutions and processed by the Nets Union platform via bank accounts.