

---

## Payment System Report 2018 Q2<sup>1</sup>

According to payment statistics in Q2 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 Q2 2018, a total of 53.358 billion non-cash payment transactions<sup>2</sup> with a trading amount of RMB 951.72 trillion were processed, a year-on-year (yoy) increase of 44.61% and 0.20% respectively.

#### **(I) Negotiable instruments**

**Negotiable instrument business continued to decline.** In Q2 2018, a total of 52.3879 million transactions in RMB 35.57 trillion were completed based on negotiable instruments, a yoy decrease of 14.17% in volume and 14.94% in amount. Specifically, 47.413 million were made in checks with an amount of RMB 31.29 trillion, a yoy decrease of 16.13% in volume and 15.56% in amount; 4.5792 million in commercial drafts with an amount of RMB 3.97 trillion, a yoy increase of 16.93% in volume and decrease of 7.67% in amount; 66,300 in bank drafts with an amount of RMB 43.215 billion, a yoy decrease of 55.70% and 50.23% respectively; 329,300 in bank promissory notes with an amount of RMB 269.485 billion, a yoy decrease of 24.31% and 29.15% respectively.

**The transactions of electronic commercial draft system grew rapidly.** In Q2 2018, the electronic commercial draft system witnessed an issuance volume of 3.2097 million with an amount of RMB 3.83 trillion, up 148.09% and 32.03% yoy respectively; 3.3145 million transactions of acceptance, with an amount of RMB 3.93 trillion, up 145.73% and 31.91% yoy respectively; 867,900 transactions of discount, with an amount of RMB 2.10 trillion, up 142.91% and 30.76% yoy respectively;

---

<sup>1</sup> Since 2015, the payment system has disclosed payment transaction data according to the financial industry standard of "Statistical Indicator of Payment Transactions".

<sup>2</sup> Non-cash payment transactions include negotiable instruments, bankcards, and other settlement transactions. Specifically, other settlement transactions include credit transfer, direct debit, collection with acceptance, and domestic L/C transactions.

---

1.6435 million transactions of re-discount, with an amount of RMB 8.05 trillion, up 53.25% and down 23.57% yoy respectively; 163,200 transactions of bond pledged repo, with an amount of RMB 1.70 trillion, up 121.98% and 27.26% yoy respectively<sup>3</sup>.

## **(II) Bankcards**

**The bankcard issuance continued to increase.** At end-Q2 2018, the number of bankcards in use reached 7.187 billion, a quarter-on-quarter (qoq) growth of 2.49%. To be specific, 6.55 billion were debit cards, a qoq growth of 2.33%; 638 million were credit cards and debit-credit integrated cards, a qoq growth of 4.17%. The number of bankcards per capita was 5.17 while and the number of credit cards per capita reached 0.46<sup>4</sup>.

**The number of bankcard acceptance terminals remained generally stable.** At end-Q2 2018, 26.1666 million merchants, 31.32 million POS terminals and 1.1274 million ATM terminals<sup>5</sup> were connected to the interbank bankcard payment system. The number of merchants and POS terminals decreased by 546,000 and 872,700 qoq respectively, while that of ATM terminals increased 12,100 over the previous quarter. The number of POS terminals per 10,000 persons reached 225.31, a qoq decrease of 2.71%, while the number of ATM terminals per 10,000 persons was 8.11, a qoq increase of 1.08%.

**Bankcard transactions rose steadily.** In Q2 2018, a total of 50.812 billion bankcard transactions<sup>6</sup> were processed across the country with a cumulative trading amount of RMB 216.60 trillion, up 49.21% and 18.25% yoy respectively. Specifically, a total of 1.96 billion cash deposit transactions, 3.47 billion cash withdrawal transactions, 21.39 billion transfer transactions and 23.991 billion consumer payment transactions took

---

<sup>3</sup> Since Q3 2017, the statistics of re-discount and bond pledged repo have been compiled separately, and the year-on-year data has been calculated according to a comparable terms.

<sup>4</sup> 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.

<sup>5</sup> Since Q1 2018, the statistical coverage of the number of ATMs has been adjusted to include 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.

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

---

place with an amount of RMB 14.73 trillion, RMB 13.85 trillion, RMB 165.37 trillion and RMB 22.65 trillion respectively. The bankcard penetration rate in Q2 2018 reached 48.97%, up 0.05 percentage point qoq. The consumer payment per capita via bankcards reached RMB 16,300, up 38.25% yoy. The consumer payment per bankcard stood at RMB 3,151.04, up 22.73% yoy. The consumer payment per transaction via bankcard reached RMB 944.06, down 18.56% yoy.

**The bankcard credit continued to expand.** At end-Q2 2018, the total bankcard credit line<sup>7</sup> reached RMB 13.98 trillion, a qoq growth of 6.40%, while the outstanding balance of bankcard credit was RMB 6.26 trillion, a qoq growth of 7.83%. The credit line per bankcard was RMB 21,900, with the credit utilization rate<sup>8</sup> standing at 44.76%. The total outstanding amount of credit in arrear for more than half a year increased 6.35% qoq to reach RMB 75.667 billion at 1.21% of the total outstanding credit balance, down 0.02 percentage point from the end of the previous quarter.

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

**Volume of credit transfers and other settlement transactions edged down.** In Q2 2018, the number of other settlement transactions including credit transfer, direct debit, collection with acceptance and domestic L/C was 2.494 billion with a cumulative amount of RMB 699.55 trillion, down 10.39% and 3.49% yoy respectively. To be specific, the credit transfer transactions reached 2.351 billion, totaling RMB 689.69 trillion.

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

**The mobile payment transaction volume grew rapidly.** In Q2 2018, banking financial institutions processed a total of 43.768 billion electronic payment transactions<sup>9</sup> in RMB 584.99 trillion. Specifically, the transaction volume of online payment reached 13.871 billion and the trading amount posted RMB 487.39 trillion, up 17.78% and 2.96% yoy respectively. The transaction volume and amount of mobile payment reached 14.924 billion and RMB 62.88 trillion, up 73.09% and 60.24% yoy respectively. The transaction volume of payment by phone stood at 41.3586 million

---

<sup>7</sup> Total bankcard credit line means the sum of credit line of credit cards and credit & debit cards.

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

<sup>9</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.

---

and the transaction amount reached RMB 2.00 trillion, up 4.45% and down 9.16% yoy respectively.

In Q2 2018, non-bank payment agencies<sup>10</sup> processed a total of 123.014 billion online payment transactions with an amount of RMB 48.29 trillion, up 94.37% and 53.35% yoy respectively.

## **II. Payment Systems**

In Q2 2018, the payment systems<sup>11</sup> processed a total of 29.538 billion transactions in payments of RMB 1,475.35 trillion.

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

In Q2 2018, the PBC payment systems<sup>12</sup> processed 3.812 billion transactions in payments of RMB 1,096.12 trillion, up 30.71% and 15.21% yoy respectively, accounting for 12.91% and 74.30% of the total payment transactions and value respectively. The daily processed transactions averaged 43.6835 million and daily processed amount averaged RMB 17.53 trillion<sup>13</sup>.

**The processed transactions in the high-value real-time payment system (HVPS) maintained a steady growth.** In Q2 2018, the HVPS processed 261 million transactions in payments of RMB 1,035.83 trillion, up 17.72% and 15.74% yoy respectively. The daily transactions averaged 4.2038 million in volume and RMB 16.71 trillion in amount.

### **The payments processed by the bulk electronic payment system (BEPS)**

---

<sup>10</sup> The online payment transaction volume processed by non-bank payment institutions doesn't include the transaction volume of red envelopes and similar entertainment products. Since 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 has been collected based on bankcard payment acquiring services instead of online payment.

<sup>11</sup> The payment systems include HVPS, BEPS, 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, NetsUnion clearing system. Starting from Q1 2018, the data includes the business processed by the NetsUnion system.

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

<sup>13</sup> In Q2 2018, HVPS, automated clearing house, CFXPS, and CIPS operated for 62 business days; and the other payment systems 91 business days. The actual operation business days are used for calculation of daily averages, similarly hereinafter.

---

**increased slightly.** In Q2 2018, the BEPS processed 522 million transactions in RMB 8.18 trillion, down 16.14% and up 1.56% yoy respectively. On a daily basis, the system processed 5.7367 million transactions of RMB 89.872 billion.

**The transaction volume of IBPS grew rapidly.** In Q2 2018, the IBPS processed 2.942 billion transactions in payments of RMB 21.59 trillion, up 48.52% and 51.77% yoy respectively. On a daily basis, the system processed 32.3315 million transactions of RMB 237.21 billion.

**The transaction volume of ACH decreased slightly.** In Q2 2018, the ACH<sup>14</sup> processed 87.0055 million transactions in payments of RMB 28.47 trillion, down 2.92% and 12.40% yoy respectively. On a daily basis, the system processed 1.4033 million transactions of RMB 459.147 billion.

**The transaction volume of CFXPS grew steadily.** In Q2 2018, the system processed 510,300 transactions of USD 310.849 billion (equivalent to about RMB 2.06 trillion<sup>15</sup>), a yoy increase of 2.73% and 29.91% respectively. On a daily basis, the system processed 8,229.92 transactions of USD 5.014 billion (equivalent to about RMB 33.174 billion).

## **(II) Other Payment Systems**

**The transaction volume of the intra-bank payment systems of banking financial institutions went up steadily.** In Q2 2018, these systems processed 9.635 billion transactions of RMB 339.13 trillion, up 24.49% and 4.84% yoy respectively. On a daily basis, the system processed 106 million transactions of RMB 3.73 trillion.

**The transaction volume of interbank bankcard payment system continued to increase.** In Q2 2018, the system processed 6.107 billion transactions<sup>16</sup> of RMB 28.91 trillion, up 11.25% and 28.62% yoy respectively. On a daily basis, the system processed 67.11 million transactions of RMB 317.674 billion.

## **The transaction volume of urban commercial bank draft processing system and**

---

<sup>14</sup> The ACH includes the intra-city notes exchange system and intra-city electronic clearing system.

<sup>15</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>16</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 transaction are excluded. The year-on-year data is calculated according to a comparable terms.

---

**payment & clearing system enjoyed rapid growth.** In Q2 2018, the systems processed 19.024 million transactions<sup>17</sup> of RMB 133.477 billion, up 181.37% in volume and down 39.90% in amount yoy. The daily transactions averaged 209,100 of RMB 1.467 billion.

**The transaction volume of rural credit bank payment & clearing system maintained swift growth.** In Q2 2018, the system processed 1.819 billion transactions of RMB 1.81 trillion, up 155.25% and 16.55% yoy respectively. The daily transactions averaged 19.9941 million of RMB 19.943 billion.

**The CIPS operated smoothly.** In Q2 2018, the CIPS processed 339,200 transactions in payments of RMB 6.55 trillion, up 14.59% and 124.38% yoy respectively. The daily transactions averaged 5,470.84 of RMB 105.613 billion.

**The NetsUnion platform functioned smoothly in its trial operation.** In Q2 2018, the platform processed 8.146 billion transactions in payments of RMB 2.70 trillion<sup>18</sup>. The daily transactions averaged 89.5125 million in payments of RMB 29.637 billion.

### **III. Bank Settlement Account**

**The number of RMB bank settlement accounts grew steadily.** At end-Q2 2018, the RMB bank settlement accounts totaled 9.613 billion, up 2.23% qoq, an acceleration of 0.29 percentage point from the previous quarter.

**The number of bank settlement accounts held by institutions maintained a steady increase.** At end-Q2 2018, bank settlement accounts opened by institutions totaled 58.0407 million, up 3.23% qoq, representing an acceleration of 0.69 percentage point. Among these accounts, 40.6639 million were basic deposit accounts, an increase of 1.5836 million qoq; 13.6979 million were general deposit accounts, an increase of 193,100 qoq; 3.4909 million were specified deposit accounts, an increase of 39,200 qoq; and 188,000 were temporary deposit accounts, a decrease of 1,500 qoq. They accounted for 70.06%, 23.60%, 6.01% and 0.32% of the total number of entity-opened bank settlement accounts respectively.

---

<sup>17</sup> Since 2017, the city commercial banks draft processing system and payment & clearing system covered the bank drafts, remittance, universal deposit and withdrawal as well as real-time collection payment transactions.

<sup>18</sup> The data refers to online payment transaction volume initiated by payment institutions and processed by the NetsUnion platform via bank accounts.

---

**The number of individual bank settlement accounts increased modestly.** At end-Q2 2018, the bank settlement accounts opened by individuals totaled 9.555 billion, an increase of 208 million or 2.23% qoq, an acceleration of 0.29 percentage point from Q1 2018. The number of accounts held per capita reached 6.87.