
Payment System Report (Q3 2018)¹

According to payment statistics in Q3 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 Q3 2018, a total of 57.985 billion non-cash payment transactions² with a trading amount of RMB 925.46 trillion were processed, a year-on-year (yoy) increase of 33.31% and 0.18% respectively.

(I) Negotiable instruments

Negotiable instrument business continued to decline. In Q3 2018, a total of 54.0872 million transactions in RMB 35.84 trillion were completed based on negotiable instruments, a yoy decrease of 13.96% in volume and 12.89% in amount. Specifically, 48.6329 million were made in checks with an amount of RMB 31.45 trillion, a yoy decrease of 15.91% in volume and 13.59% in amount; 5.1081 million in commercial drafts with an amount of RMB 4.11 trillion, a yoy increase of 12.86% in volume and decrease of 4.80% in amount; 71,100 in bank drafts with an amount of RMB 43.899 billion, a yoy decrease of 33.24% and 51.38% respectively; 275,100 in bank promissory notes with an amount of RMB 232.219 billion, a yoy decrease of 30.32% and 31.13% respectively.

The transactions of electronic commercial draft system grew rapidly. In Q3 2018, the electronic commercial draft system witnessed an issuance volume of 4.1114 million with an amount of RMB 4.39 trillion, up 113.92% and 32.69% yoy respectively; 4.2027 million transactions of acceptance, with an amount of RMB 4.48 trillion, up 111.40% and 32.24% yoy respectively; 1.1916 million transactions of discount, with an amount of RMB 2.65 trillion, up 138.29% and 49.57% yoy respectively; 2.0393 million transactions of re-discount, with an amount of RMB 8.83

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 negotiable instruments, bankcards, and other settlement transactions. Specifically, other settlement transactions include credit transfer, direct debit, collection with acceptance, and domestic L/C transactions.

trillion, up 44.82% and down 19.38% yoy respectively; 123,900 transactions of bond pledged repo, with an amount of RMB 1.33 trillion, up 3.73% and down 25.46% yoy respectively³.

(II) Bankcards

The bankcard issuance continued to increase. At end-Q3 2018, the number of bankcards in use reached 7.385 billion, a quarter-on-quarter (qoq) growth of 2.75%. To be specific, 6.726 billion were debit cards, a qoq growth of 2.69%; 659 million were credit cards and debit-credit integrated cards, a qoq growth of 3.36%. The number of bankcards per capita was 5.31 while and the number of credit cards per capita reached 0.47⁴.

The number of bankcard acceptance terminals remained generally stable. At end-Q3 2018, 26.5027 million merchants, 32.3125 million POS terminals and 1.1286 million ATM terminals⁵ were connected to the interbank bankcard payment system, increased by 0.3361 million, 0.9925 million and 1200 qoq respectively. The number of POS terminals per 10,000 persons across the country reached 232.45, a qoq increase of 3.17%, while the number of ATM terminals per 10,000 persons across the country was 8.12, a qoq increase of 0.11%.

Bankcard transactions rose steadily. In Q3 2018, a total of 55.419 billion bankcard transactions⁶ were processed across the country with a cumulative trading amount of RMB 214.21 trillion, up 36.59% and 15.23% yoy respectively. Specifically, a total of 1.941 billion cash deposit transactions, 3.486 billion cash withdrawal transactions, 23.564 billion transfer transactions and 26.428 billion consumer payment transactions took place with an amount of RMB 14.44 trillion, RMB 13.95 trillion,

³ 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.

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 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.

⁶ Bankcard transactions were the sum of RMB and foreign currency denominated transactions.

RMB 161.77 trillion and RMB 24.05 trillion respectively. The bankcard penetration rate in Q3 2018 reached 48.99%, up 0.02 percentage point qoq. The consumer payment per capita via bankcards reached RMB 17,300, up 35.32% yoy. The consumer payment per bankcard stood at RMB 3,256.06, up 20.06% yoy. The consumer payment per transaction via bankcard reached RMB 909.91, down 19.42% yoy.

The bankcard credit continued to expand, the percentage of total outstanding amount of credit in arrear for more than half a year remained steady. At end-Q3 2018, the total bankcard credit line⁷ reached RMB 14.69 trillion, a qoq growth of 5.05%, while the outstanding balance of bankcard credit was RMB 6.61 trillion, a qoq growth of 5.68%. The credit line per bankcard was RMB 22,300, with the credit utilization rate⁸ standing at 45.03%. The total outstanding amount of credit in arrear for more than half a year increased 16.43% qoq to reach RMB 88.098 billion, accounting for 1.34% of the total outstanding credit balance.

(III) Credit Transfers and Other Settlement Transactions

Volume of credit transfers and other settlement transactions edged down. In Q3 2018, the number of other settlement transactions including credit transfer, direct debit, collection with acceptance and domestic L/C was 2.512 billion with a cumulative amount of RMB 675.41 trillion, down 12.11% and 3.06% yoy respectively. To be specific, the credit transfer transactions reached 2.373 billion, totaling RMB 663.68 trillion.

(IV) Electronic Payment

The mobile payment transaction volume grew rapidly. In Q3 2018, banking financial institutions processed a total of 45.236 billion electronic payment transactions⁹ in RMB 592.43 trillion. Specifically, the transaction volume of online payment reached 14.893 billion and the trading amount posted RMB 495.24 trillion, up 23.21% and 12.58% yoy respectively. The transaction volume and amount of mobile payment reached 16.935 billion and RMB 65.48 trillion, up 74.19% and 32.91% yoy respectively. The transaction volume of payment by phone stood at 37.0199 million and the transaction amount reached RMB 1.82 trillion, down 9.90%

⁷Total bankcard credit line means the sum of credit line of credit cards and credit & debit cards.

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

⁹Electronic 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 15.58% yoy respectively.

In Q3 2018, non-bank payment agencies¹⁰ processed a total of 139.543 billion online payment transactions with an amount of RMB 52.01 trillion, up 79.29% and 33.42% yoy respectively.

II. Payment Systems

In Q3 2018, the payment systems¹¹ processed a total of 56.999 billion transactions in payments of RMB 1,606.54 trillion.

(I) PBC Payment Systems

In Q3 2018, the PBC payment systems¹² processed 4.188 billion transactions in payments of RMB 1,226.02 trillion, up 25.74% and 17.75% yoy respectively, accounting for 7.35% and 76.31% of the total payment transactions and value respectively. The daily processed transactions averaged 47.1068 million and daily processed amount averaged RMB 18.44 trillion¹³.

The processed transactions in the HVPS maintained a steady growth. In Q3 2018, the HVPS processed 278 million transactions in payments of RMB 1,164.02 trillion, up 14.80% and 18.69% yoy respectively. The daily transactions averaged 4.2048 million in volume and RMB 17.64 trillion in amount.

The transaction volume of payments processed by BEPS continued to rise. In Q3 2018, the BEPS processed 560 million transactions in RMB 9.06 trillion, down 8.08%

¹⁰ The online payment transaction volume processed by non-bank payment institutions includes online payment involved 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 NetsUnion clearing system.

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

¹³ In Q3 2018, HVPS, LCHs, CFXPS, and CIPS operated for 66 business days; and the other payment systems 92 business days. The actual operation business days are used for calculation of daily averages, similarly hereinafter.

and up 14.71% yoy respectively. On a daily basis, the system processed 6.0854 million transactions of RMB 98.476 billion.

The transaction volume of IBPS grew rapidly. In Q3 2018, the IBPS processed 3.257 billion transactions in payments of RMB 23.27 trillion, up 36.56% and 36.79% yoy respectively. On a daily basis, the system processed 35.3972 million transactions of RMB 252.966 billion.

The transaction volume of ACH decreased slightly. In Q3 2018, the ACH¹⁴ processed 93.1159 million transactions in payments of RMB 27.57 trillion, down 0.11% and 18.56% yoy respectively. On a daily basis, the system processed 1.4108 million transactions of RMB 417.774 billion.

The transaction volume of CFXPS grew steadily. In Q3 2018, the system processed 560,700 transactions of USD 304.157 billion (equivalent to about RMB 2.09 trillion¹⁵), a yoy increase of 2.82% and 22.01% respectively. On a daily basis, the system processed 8,495.85 transactions of USD 4.608 billion (equivalent to about RMB 31.702 billion).

(II) Other Payment Systems

The transaction volume of the intra-bank payment systems of banking financial institutions went up steadily. In Q3 2018, these systems processed 10.224 billion transactions of RMB 328.13 trillion, up 23.58% and 0.48% yoy respectively. On a daily basis, the system processed 111 million transactions of RMB 3.57 trillion.

The transaction volume of interbank bankcard payment system continued to increase. In Q3 2018, the system processed 6.630 billion transactions¹⁶ of RMB 30.40 trillion, up 14.33% and 22.39% yoy respectively. On a daily basis, the system processed 72.0689 million transactions of RMB 330.478 billion.

The transaction volume of urban commercial bank draft processing system and

¹⁴ The ACH includes the intra-city notes exchange system and intra-city electronic clearing system.

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 according to a comparable terms.

payment & clearing system enjoyed rapid growth. In Q3 2018, the systems processed 22.0846 million transactions¹⁷ of RMB 140.393 billion, up 143.40% in volume and down 44.01% in amount yoy. The daily transactions averaged 240,000 of RMB 1.526 billion.

The transaction volume of rural credit bank payment & clearing system maintained swift growth. In Q3 2018, the system processed 2.279 billion transactions of RMB 2.16 trillion, up 167.10% and 27.14% yoy respectively. The daily transactions averaged 24.7695 million of RMB 23.450 billion.

The CIPS operated smoothly. In Q3 2018, the CIPS processed 381,300 transactions in payments of RMB 7.01 trillion, up 5.34% and 75.89% yoy respectively. The daily transactions averaged 5,777.53 of RMB 106.258 billion.

The NetsUnion platform functioned smoothly in its trial operation. In Q3 2018, the platform processed 33.655 billion transactions in payments of RMB 12.68 trillion¹⁸. The daily transactions averaged 366 million in payments of RMB 137.822 billion.

III. Bank Settlement Account

The number of RMB bank settlement accounts grew steadily. At end-Q3 2018, the RMB bank settlement accounts totaled 9.870 billion, up 2.68% qoq, an acceleration of 0.45 percentage point from the previous quarter.

The number of bank settlement accounts held by institutions increased slightly. At end-Q3 2018, bank settlement accounts opened by institutions totaled 59.7689 million, up 2.98% qoq, representing a deceleration of 0.25 percentage point. Among these accounts, 42.1312 million were basic deposit accounts, an increase of 1.4673 million qoq; 13.9139 million were general deposit accounts, an increase of 216,100 qoq; 3.5362 million were specified deposit accounts, an increase of 45,300 qoq; and 187,600 were temporary deposit accounts, a decrease of 400 qoq. They accounted for 70.49%, 23.28%, 5.92% and 0.31% of the total number of entity-opened bank settlement accounts respectively.

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

¹⁸ 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-Q3 2018, the bank settlement accounts opened by individuals totaled 9.810 billion, an increase of 257 million or 2.68% qoq, an acceleration of 0.45 percentage point from Q2 2018. The number of accounts held per capita reached 7.06.