

OVERVIEW OF DEVELOPMENTS IN THE NATIONAL & CROSS-BORDER PAYMENTS SYSTEM¹

The country's payment systems were stable during the period under review, thereby allowing clearing, settlement and payments activities to proceed smoothly in the economy.

There was a rebound in the total volume of daily transactions which increased by 23.8% to 264,870 in August 2014 from 214,034 in July 2014 (Table 1). The corresponding total daily transaction value, on the other hand, declined marginally by 1.5% to K31.9 billion in August 2014 from K32.4 billion in July 2014. The increase in transaction volume was mainly attributable to intensification of customer sensitization activities by some banks which were aimed at promoting usage of mobile banking products and services. As a result, the daily volume of bank-led mobile payment transactions increased by 230.6% to 60,989 in August 2014 from 18,421 in July 2014. The corresponding daily transaction value for bank-led mobile payments increased by 68.8% to K56.7 million from K33.6 million over the same period.

The daily average volume of cross-border transactions rose by 9.9% to 24 in September 2014 from 22 in August 2014. Similarly, the corresponding value increased by 15% to R3.61 million from R3.14 million over the same period. The increase in cross-border payments was due to additional number of banks which went live in the SADC Integrated Regional Electronic Settlement System.

Table 1: Daily Average Payment Systems Turnover

| DOMESTIC SYSTEMS | JULY-14 | | | AUGUST-14 | | |
|----------------------|----------------|------------------|----------------|----------------|------------------|----------------|
| | Vol. | Val (K'mn) | % Share (Val.) | Vol. | Val (K'mn) | % Share (Val.) |
| MITASS | 785 | 22,606.4 | 69.8 | 864 | 22,135.8 | 69.4 |
| ECCH | 6,876 | 8,325.8 | 25.7 | 6,914 | 8,195.0 | 25.7 |
| ATMs | 59,751 | 864.7 | 2.7 | 64,382 | 983.3 | 3.1 |
| IB | 824 | 398 | 1.2 | 808 | 376 | 1.2 |
| BLMB | 18,421 | 33.6 | 0.1 | 60,989 | 56.7 | 0.2 |
| NBLMP | 126,596 | 123.1 | 0.4 | 130,031 | 108.7 | 0.3 |
| POS-D | 782 | 22.4 | 0.1 | 883 | 24.9 | 0.1 |
| TOTAL | 214,034 | 32,374.40 | 100.0 | 264,870 | 31,880.80 | 100 |
| CROSS-BORDER SYSTEMS | AUGUST-14 | | | SEPTEMBER-14 | | |
| | Vol. | Val (ZAR'000) | % Share (Val.) | Vol. | Val (ZAR'000) | % Share (Val.) |
| SIRESS | 22 | 3,135.1 | 100 | 22 | 3,612.1 | 100 |
| COMESA REPSS | - | - | - | - | - | - |
| TOTAL | 22 | 3,135.1 | 100 | 22 | 3,612.1 | 100 |

KEY:

MITASS = Malawi Interbank Transfer and Settlement System

ECCH = Electronic Cheques Clearing House

ATMs = Auto-teller Machines

IB = Internet Banking

BLMB = Bank-led Mobile Banking

NBLMP = Non-bank led Mobile Payments

POS-D = Point of Sale Devices

SIRESS = SADC Integrated Regional Payments System

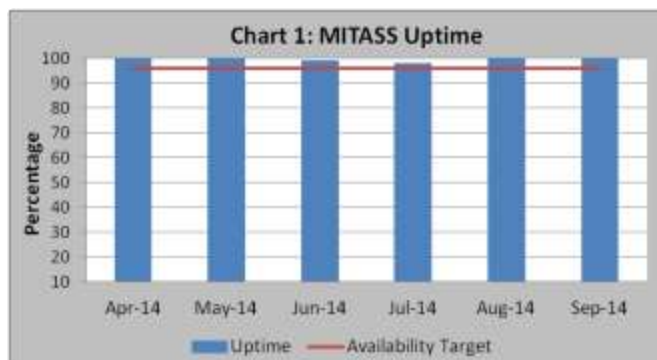
COMESA REPSS = COMESA Regional Payments and Settlement System

Footnotes:

1. There is a one month lag for national payments data due to delays in submission of monthly returns by banks & MNOS

NATIONAL PAYMENTS SYSTEM AVAILABILITY

Operational stability of critical payments infrastructure as measured by availability of MITASS was above the minimum target of 96% during the review period (Chart 1). As a result, the inter-bank settlement process proceeded without major disruptions.



DEVELOPMENTS IN INNOVATIVE RETAIL PAYMENT SYSTEMS

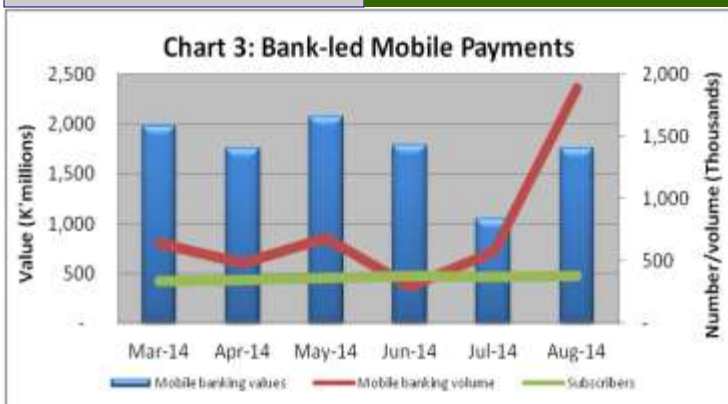
Non-bank led Mobile Payment Schemes

The volume of non-bank led mobile payment schemes registered a modest increase of 2.7% to 4.0 million transactions in August 2014 from 3.9 million transactions in July 2014 (Chart 2). The corresponding value of transactions, however, decreased by 11.7% to K3.4 billion from K3.8 billion over the same period. As indicated in the previous report, this slow down in non-bank led mobile payments is mainly due to suspension of some services by providers pending completion of system upgrades to improve security. This notwithstanding, the subscriber base registered a 5.6% increase to 1,089,687 from 1,031,730 over the same period.



Bank-led Mobile Payments & Internet Banking

As indicated above, there was a significant increase in the volume of bank-led mobile payments mainly owing to customer sensitization activities by banks. Consequently, total volume of transactions rose by 230.6% to 1.9 million in August 2014 from 0.6 million transactions in July 2014 (Chart 3). Similarly, the value of transactions increased by 68.8% to K1.8 billion from K1.0 billion over the same period. The subscriber base however increased by a marginal 2.8% to 380,984 from 370,763 during the period.

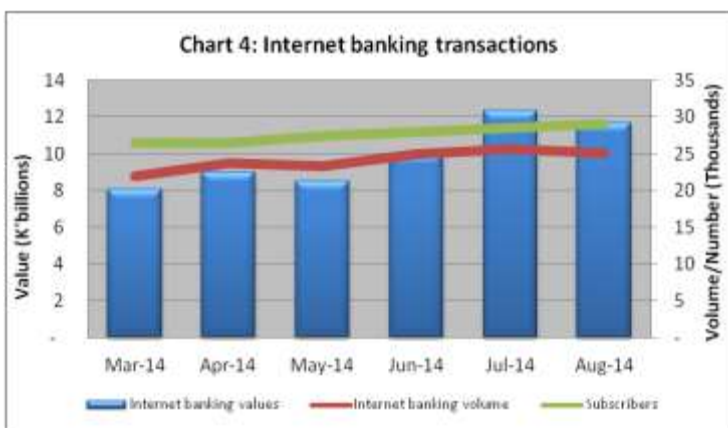


UPDATE ON NATIONAL PAYMENTS SYSTEM INFRASTRUCTURE REFORM PROJECTS

Automated Transfer System (ATS) & Central Securities Depository (CSD) Projects

Implementation of the ATS and CSD Project is at an advanced stage. RBM and banks are currently resolving remaining outstanding issues in readiness for pilot which is expected to commence within October 2014.

There was a slight decline in the performance of internet banking during the period under review. The volume and value of transactions decreased by 2.5% and 5.5% to 25,044 and K11.7 billion from 25,687 and K12.4 billion, respectively (Chart 4). On the other hand, the number of subscriber increased marginally to 29,101 in August 2014 from 28,437 in July 2014, representing a 2.3% increase.



Visa Card Payments

The total value of Visa card transactions processed through the Malawi National Net Settlement System (MNNSS) decreased by 17.2% to K150.6 million in September 2014 from K182.0 million in August 2014 (Chart 5).

