

Key highlights in July 2015

- Electronic funds transfers (EFTs) transactions rebound in July 2015
- Banks introduce exciting innovations and interoperability in Internet Banking and Mobile Payments to expand range of electronic payment options for their customers

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

On average, the National Payments System (NPS) processed 267,057 transactions per day with a corresponding value of K47,414.8 million in July 2015, compared to 256,294 transactions against K43,866.3 million in June 2015 (Table 1). This represents an increase of 4.2% and 8.1% on the preceding month's daily average volume and value of transactions, respectively.

Electronic funds transfers (EFTs) registered a significant rebound as the daily average volume of transactions rose more than four-fold to 15,378 from 3,039 over the same period (Fig 1). Similarly, the daily average value of EFTs more than doubled to K1,931.5 million from K801.4 million. Cheque transactions, on the other hand, portrayed a mixed picture as the daily average volume of transactions dropped by 8.5% to 6,420 from 7,018 whereas the corresponding value increased by 12.2% to K9,189.9 from K8,190.5 over the same period. This suggests that EFTs are increasingly gaining ground over cheques as the preferred mode of payments by the corporate and government sectors.

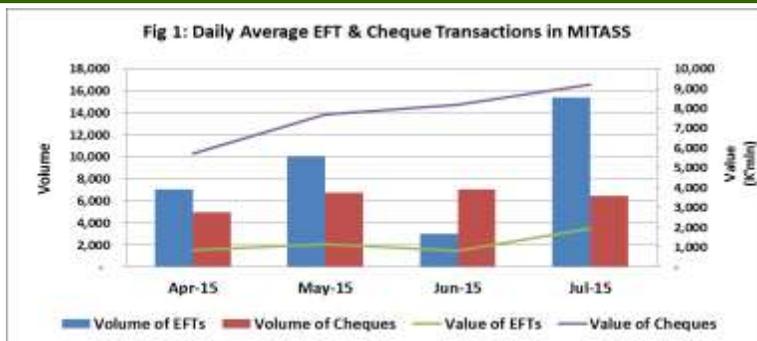
In terms of retail payment systems, Internet Banking continued to record growth as the daily average volume of transactions increased by 34.9% to 1,740 in July 2015 from 1,290 in June 2015 while the value surged by 73.5% to K841.8 million from K485.2 million. Non-bank led mobile payments also continued to grow as the daily average volume of transactions increased by 10.4% to 132,014 from 119,526 while the corresponding value rose by 16.8% to K358.9 million from K307.4 million. In contrast, bank-led mobile payments registered a significant slow down as the daily average transaction volume fell by 20.3% to 42,172 from 52,935 while the corresponding value declined by 63.8% to K174.8 million from K482.5 million.

Table 1: Daily Average Payment Systems Turnover

DOMESTIC	JUNE-15			JULY-15		
	Volume	Value (K'mn)	% Share (Val)	Volume	Value (K'mn)	% Share (Val)
MITASS TOTAL	10,706	41,642.3	94.9	22,485	44,599.3	94.1
Large Value	649	32,650.4	74.4	687	33,477.9	70.6
ACH:	10,057	8,991.9	20.5	21,798	11,121.4	23.5
Credit Transfers	3,039	801.4	1.8	15,378	1,931.5	4.1
Direct Debits	-	-	-	-	-	-
Cheques	7,018	8,190.5	18.7	6,420	9,189.9	19.4
ATMS	71,056	914.5	2.1	67,900	1,404.5	3.0
INTERNET BANKING	1,290	485.2	1.1	1,740	841.8	1.8
MOBILE PAYMENTS	172,461	789.9	2.8	174,186	533.7	1.2
Bank-led	52,935	482.5	1.1	42,172	174.8	0.4
Non-bank	119,526	307.4	0.7	132,014	358.9	0.8
POINT OF SALE	781	34.4	0.1	746	35.5	0.1
GRAND TOTAL	256,294	43,866.31	100	267,057	47,414.80	100.0
CROSS BORDER	JULY-5			AUGUST-15		
	Volume	Value (ZAR'000)	Share (Val.)	Volume	Value (ZAR'000)	Share (Val.)
SADC INTEGRATED REGIONAL SETTLEMENT SYSTEM (SIREs)	57	8,274.70	100	n/a	n/a	-
COMESA REGIONAL PAYMENTS & SETTLEMENT SYSTEM (REPSs)	-	-	-	n/a	n/a	-
TOTAL	57	8,274.70	100	n/a	n/a	-

Footnotes:

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



PERFORMANCE IN INNOVATIVE RETAIL PAYMENT SYSTEMS

Non-Bank led Mobile Payment Schemes

As indicated above, non-bank mobile money transactions as well as the subscriber base maintained an increasing trend in July 2015 (Fig 2). The total number of subscribers rose by 5% to just over 2 million from around 1.9 million in June 2015. Similarly, the total volume and value of transactions increased by 46.2% and 20.7% to 4.1 million and K11.1 billion from 3.6 million and K9.2 billion, respectively. The average value per transaction increased marginally to around K2,700 from K2,600.

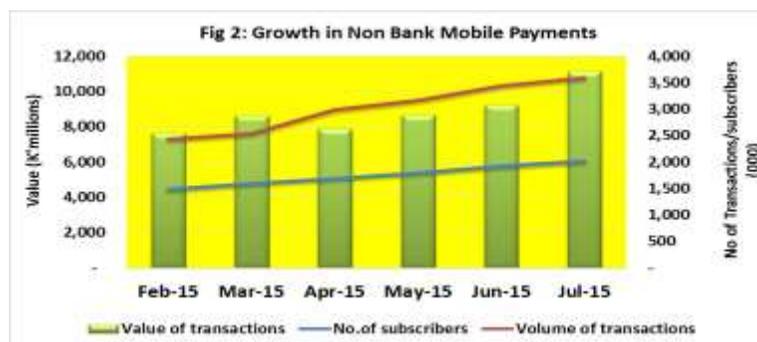
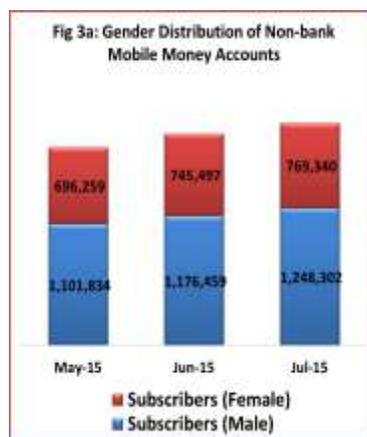


Fig 3a shows that the number of female non-bank mobile money subscribers grew by 3.2% to 769,340 in July 2015 from 745,497 in the preceding month. This growth was much slower than that of their male counterparts which increased by 6.1% to just below 1.25 million from around 1.18 million over the same period. Consequently, the gender distribution for non-bank mobile money subscribers remained highly skewed in favour of males (61.9%). When compared with retail bank accounts, the proportion of males is much higher (71.1%) as the total number of female retail deposit account holders stood at 496,348 against 1,218,877 for males in July 2015 (Fig 3b).



Major changes in terms of geographical presence of banking and payment services shows a mixed picture as there was a drop in active mobile money agents and agent banking outlets in rural areas while agent banking outlets in urban areas increased in July 2015 (Fig 4). Active mobile money agents and agent banking outlets in rural areas declined by 23.7% and 5.7% to 1,542 and 217 from 2,021 and 230 in June 2015, respectively. However, agent banking outlets in urban areas increased by 10% to 77 in July 2015 from 70 in June 2015.

Internet Banking

In contrast to bank-led mobile banking, Internet Banking activity grew significantly in July 2015 (Fig 6). The number of subscribers increased by 3.9% to 34,682 from 33,382 in June 2015. Similarly, the volume of transactions rose by 45% to 53,970 from 37,230 while the corresponding value increased by 79.3% to K26.1 billion from K14.6 billion. As already indicated, this development is mainly due to positive response by customers to special promotional campaigns by some banks aimed at increasing uptake and usage of Internet Banking.

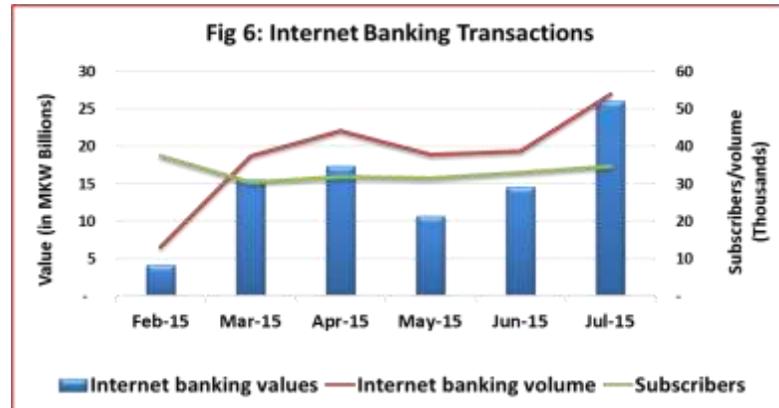
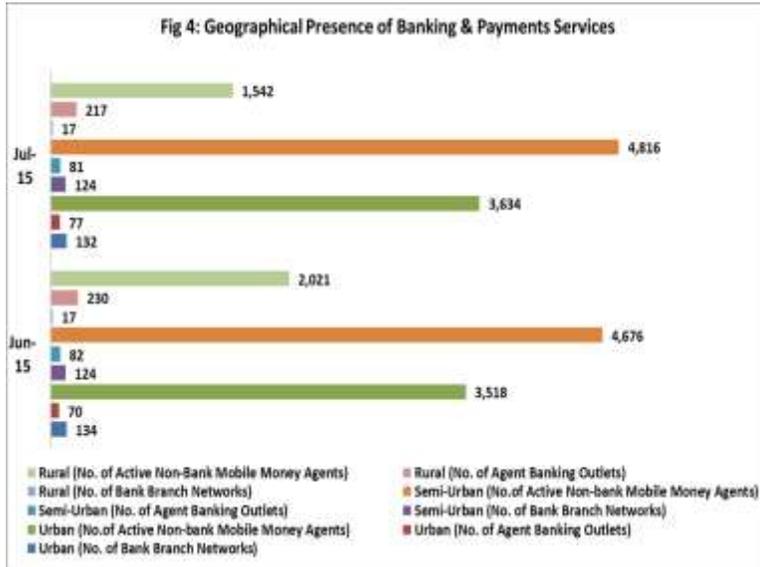
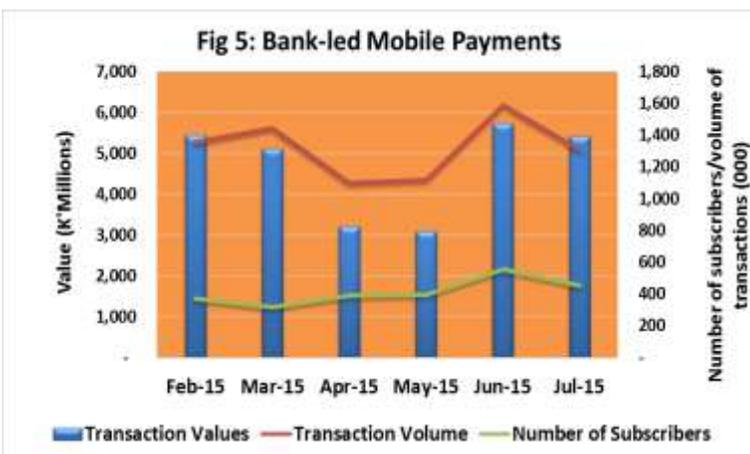
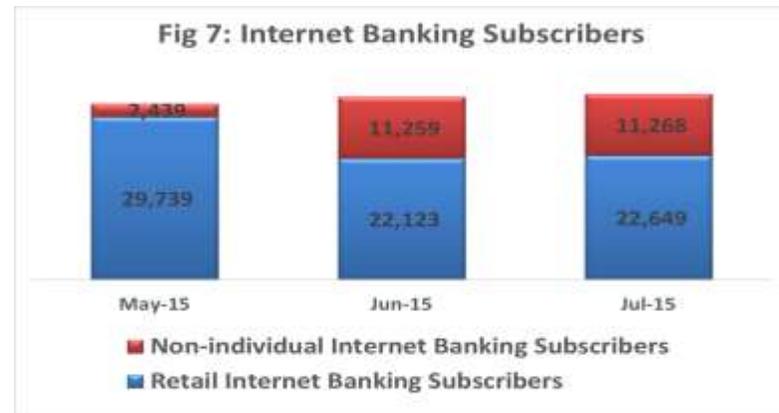


Fig 7 shows that the increase in the subscriber base for Internet Banking was mainly due to retail customers who increased by 2.3% to 22,649 in July 2015 from 22,123 in the preceding month.

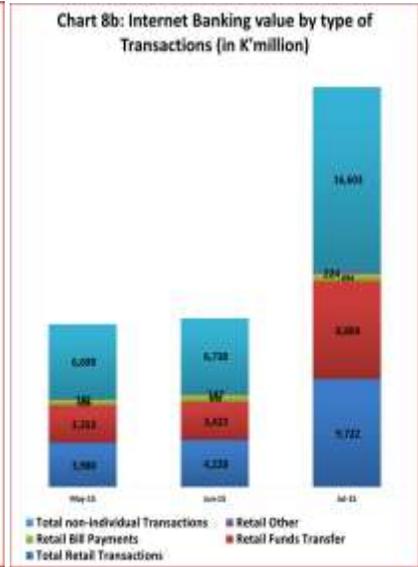
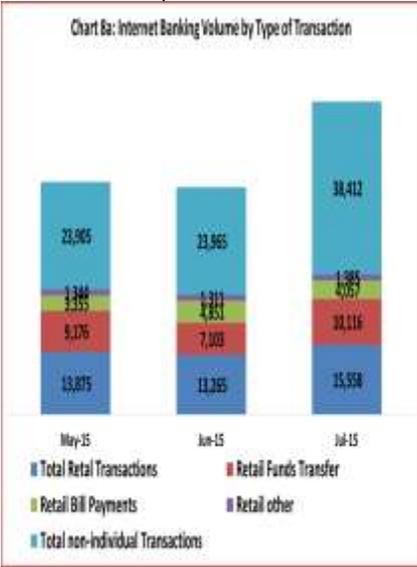
Bank-led Mobile Payments & Internet Banking

Bank-led Mobile Payments Schemes

Bank-led mobile banking recorded a slow down in activity in July 2015 (Fig 5). The total number of subscribers, transaction volumes and values declined by 18.2%, 17.7% and 5.5% to 453,863, 1.3 million and K5.4 billion from 554,626, 1.6 million and K5.7 billion respectively. However, the average value per transaction increased to around K4,200 from around K3,600 over the same period. The decline in bank-led mobile banking could reflect growing customer preference for Internet Banking following special promotional campaigns by some banks aimed at increasing uptake and usage of the service.



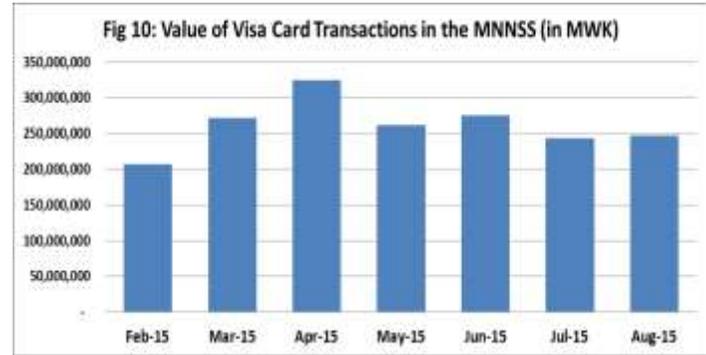
The total volume of retail transactions processed through Internet Banking increased by 17% to 15,558 in July 2015 from 13,265 in the preceding month (Fig 8a). This was largely due to retail funds transfers which increased by 42.4% to 10,1106 transactions in July 2015 from 7,103 transactions in June 2015. Similarly, the corresponding total retail transaction value increased by 130% to K9,722.0 million from K4,228.0 million over the same period, with funds transfers surging by 157% to K8,804 from K3,423.0 million over the same period (Fig 8b). On the other hand, the volume of utility bill payments through Internet Banking dropped by 16.4% to 4,051 in July 2015 from 4,851 in June 2015 while the value increased slightly by 5.5% to K694.0 million from K658.00 million. Non-individual transactions in terms of volume and value rose by 60.2% and 146.4% to 38,412 and K16,603 million from 23,965 and K6,738 million, respectively.



Interoperability of Payment Cards

VISA Card

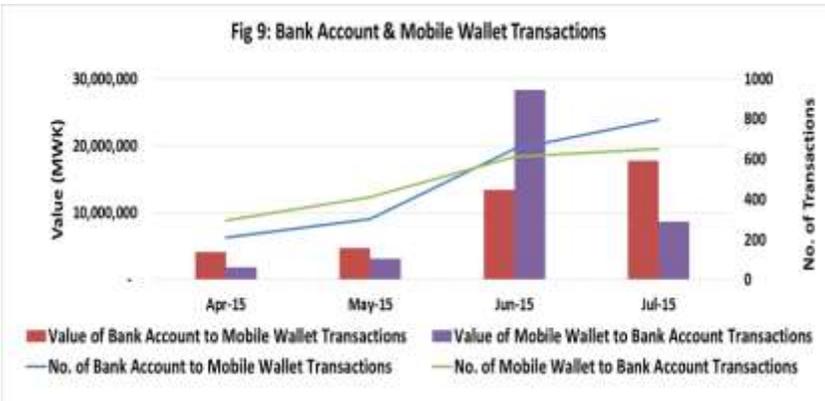
The total value of Visa card transactions processed through the Malawi National Net Settlement System (MNSS) increased by a marginal 1.7% to K247.4 million in August 2015 from K243.3 million in July 2015 (Fig 10).



Interoperability of Innovative Payment Schemes

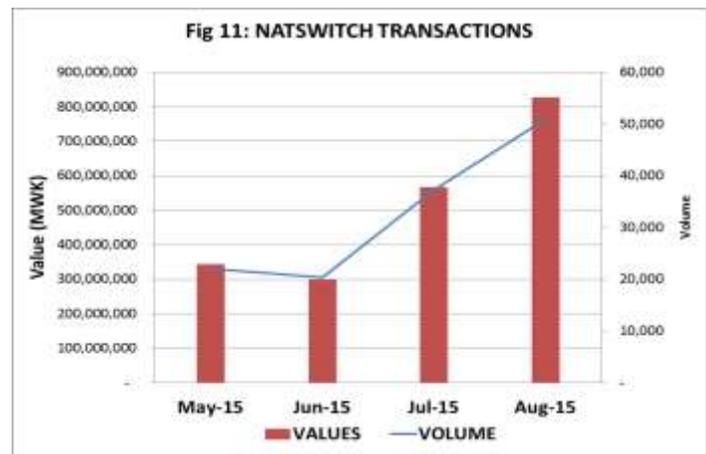
Integration between Non Bank-led & Bank-led Mobile Payments

The total volume of transactions from bank accounts to mobile wallet (bank pull) increased by 22.3% to 796 in July 2015 from 651 in the preceding month (Fig 9). The corresponding value also went up by 32.4% to K17.7 million from K13.4 million over the same period. Mobile wallet to bank account (bank push) transactions rose by 6.2% to 650 in July 2015 from 612 in June 2015 whereas the value fell by 69.3% to K8.7 million from K28.3 million.



Interbank ATM Transactions through the National Switch

One more bank got connected to the National Switch in August 2015, bringing the total number of banks linked to the Switch to eight (8). There was a significant increase in the total number and value of cash withdrawals through ATMs linked to the Switch (Fig 11). The volume of cash withdrawals surged by 36.8% to 50,980 in August 2015 from 37,270 in July 2015. Similarly, the corresponding value increased by 45.7% to K827.3 million from K567.7 million over the same period.



National Bank of Malawi (NBM) connected their Mo626 to the Automated Transfer System (ATS). This has allowed the bank to enhanced its mobile banking platform (Mo626 Ice) to expand the number of services for their customers as well as to make the service more user friendly. The changes, which became effective on 28 August 2015, include the following:

- Registration of utility account numbers and easy-to-follow menu. This is aimed at reducing quoting of wrong utility account numbers by users when making utility bill payments through Mo626.
- Introduction of **MyFuel Payments** which will allow Mo626 users to purchase fuel using e-value up to K500,000 per day.
- Use of Mo626 to send money to other banks (inter-bank transfers)

Standard Bank and Ecobank have also connected their Internet Banking facilities to the ATS to allow their customers to make inter-bank funds transfers.