



INTRODUCTION

The country's backbone payments infrastructure remained stable during the period under review thereby facilitating smooth and uninterrupted processing of transactions from the various payment streams. Overall, the daily average volume of transactions rose by 3.3% to 451,845 in September 2017. Similarly, the corresponding daily average value of transactions increased by 11.4% to K95.0 billion during the same period (Table 1).

The RBM continued to carry out offsite and onsite oversight activities during the period to ensure efficiency and safety of the national payments system. In addition, the bank also continued to implement measures aimed at promoting awareness of electronic payments by the general public in order to increase usage and adoption of the same

PERFORMANCE OF VARIOUS PAYMENT STREAMS

MITASS PERFORMANCE

The daily average volume of MITASS transactions surged by 45.8% to 22,077 in September 2017. The increase in the volume of transactions is mainly attributed to a 79.4% increase in electronic funds transfers (EFTs). Similarly, the corresponding daily average value of transactions increased by 11.6% to K91.4 billion during the same period. EFTs and large value interbank transactions contributed to this performance as they rose by 25.5% and 13.7%, respectively (Table 1).

It is worth noting that despite the increase in volume, the daily average value of cheque transactions registered a 4.7% decline. This is a good sign as it shows more transactions are being channelled through electronic payment channels other than cheques. The RBM expects this trend to continue owing to the ongoing awareness campaigns on the benefits of using electronic based payment methods in the country.

Table 1: Daily Average Payment Systems Turnover

PAYMENT TYPE	SEPTEMBER-2017 (PERIOD TOTAL)		MONTHLY CHANGE (%)	
	Volume	Value (K'mn)	Volume	Value
MITASS TOTAL	22,077	91,417	45.8	11.6
LARGE VALUE	631	78,245	2.9	13.7
AUTOMATED CLEARING HOUSE (ACH):	21,446	13,172	47.6	0.8
Electronic Funds Transfers (EFTs)	15,288	2,963.6	79.4	25.5
Direct Debits	-	-	-	-
Cheques	6,158	10,208.2	2.5	(4.7)
RETAIL DFS	429,769	3,564	1.7	6.2
INTERNET BANKING	2,076	1,357.8	10.4	8.1
MOBILE PAYMENTS	425,384	2,103	1.6	5.4
Bank-led	58,603	567.7	17.8	13.9
Non-bank	366,781	1,535.7	(0.5)	2.6
POINT OF SALE (POS)	2,309	102.4	11.8	(1.4)
GRAND TOTAL	451,845	94,980	3.3	11.4

DIGITAL FINANCIAL SERVICES (DFS) TRANSACTIONS

◆ Overall Performance

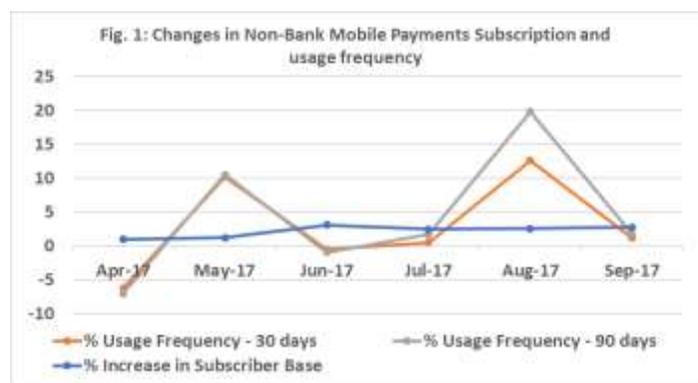
Relative to August 2017, the daily average volume of all retail DFS transactions increased by 1.7% to 429,769 in September 2017. This was mainly on account of a 17.8% and 11.8% increase in Bank-led mobile payments and POS transactions, respectively. Similarly, the corresponding daily average value of DFS transactions rose by 6.2% to K3.6 billion during the same period. Bank-led mobile payments (13.9%) and internet banking transactions(8.1%) experienced the most

growth in value. This trend is encouraging and RBM in collaboration with all stakeholders will continue to implement measures aimed at accelerating uptake and usage of DFS in the country that would also see significant increase in the value of non-bank based payments.

Performance of Mobile Network Operator (MNO)-Led Payment Services

◆ Growth in number of Subscribers and agent network

The total number of subscribers for MNO-led mobile payment schemes registered a 2.8% increase to 4.4 million in September 2017 (Figure 1). However, it is worth noting that despite growth in the number of subscribers, low awareness, low levels of income and other factors are contributing to low usage levels of the mobile money services and, as such, active subscribers within the past 30 days stood at 23% of the total subscriber base while only 31% used the service within the last 90 days.



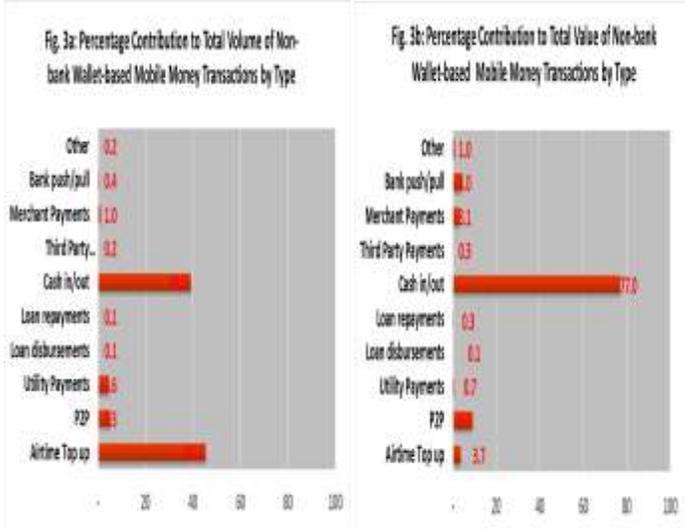
The gender distribution of the subscriber base continues to be skewed in favour of males as they account for 63% of the total subscriber base with females accounting for the remainder. This shows minimal participation by women in the financial services, and there is therefore need for deliberate policies targeting women to ensure their full participation in financial services.

In terms of geographical distribution, only 17.6% out of the 4.4 million subscribers, are based in rural areas whilst the rest are in semi-urban and urban areas. Similarly, out of the 29,222 agents that support provision of mobile money services, only 21.7% (6,333) are in rural areas as at September 2017 (Figure 2). The rest of the agents are located in semi-urban and urban areas. In view of this and the need to increase financial inclusion, there is need for deliberate efforts targeting the rural areas to increase adoption and usage of these services



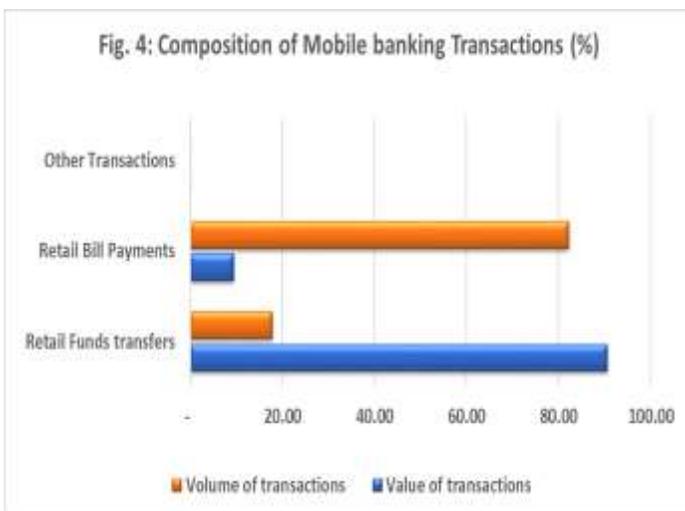


Mobile money transactions continue to be dominated by airtime purchases and cash-in/out transactions (Figure 3a and 3b). This is largely due to lack of awareness of other services offered on the mobile money platform which include utility and merchant payments. Mobile money service providers are therefore urged to continue with their promotional campaigns to sensitise the general public on the ideal usage and benefits associated with various mobile money products and services in the country.



Bank-led Mobile Payments

Compared to August 2017, the number of subscribers for mobile banking schemes rose marginally by 0.5% to 605,443 in September 2017. This number is much lower compared to the number of subscribers for non-bank mobile payments in the country. However, in terms of usage, bank-led mobile payment services were mostly used for retail fund transfers which accounted for 90.6% of the total value, whereas bill payments and airtime purchases accounted for 82.2% of the total volume of transactions during the period under review (Fig. 4).



Internet Banking Transactions

The number of internet banking subscribers increased by 1.9% to 42,390 in September 2017. Both retail and corporate subscribers contributed to this increase as they rose by 2.3% and 2.6% to 28,913 and 13,677, respectively. (Fig. 5).



UPDATE ON REGIONAL PAYMENTS SYSTEM INITIATIVES

SIRESS Training and Participant Liaison Meetings

During the period under review, the RBM hosted a team from the SADC Payments System Project who were in the country to conduct participant liaison meetings and user training for the SADC Integrated Regional Electronic Settlement System (SIRESS). The objectives of the visit were to train both new and existing users of the system, have review sessions with participants to identify and document their requirements and challenges and also to assist institutions facing technical system related challenges. The team visited all individual participant banks and also conducted a one-day training session. The exercise was part of a series of in-country activities that the SIRESS operator conducts with its member countries in order to improve efficiencies in transaction processing. The SIRESS system is aimed at facilitating trade amongst countries in the SADC region.

ENHANCEMENTS TO THE REGULATORY FRAMEWORK

The Interoperability Directive

During the period under review, the RBM issued the Interoperability of Retail Payment System Directive as part of operationalising the Payments System Act. The main objectives of the Directive are to facilitate and enforce interoperability of ATMs, POS devices, mobile payments and internet based payments and to make it mandatory for retail payment service providers to put in place infrastructure that supports interoperability. The Directive also provides for dispute resolution mechanisms amongst service providers, and between service provider and users and stipulates sanctions for breach of the relevant clauses.

RBM seeks to promote interoperability in retail payments systems for various reasons, including; (i) promoting efficiency in execution of transactions through reduced transactions cycle associated with un-interoperable systems, (ii) facilitating financial inclusion by allowing for greater access to payments products and services, and (iii) promoting usage of electronic-based payment products and services.

CONCLUSION

The significant increase in EFT and bank-led mobile payments transactions coupled with the decrease in the value of cheque transactions is a welcome development as it reflects some improvement in usage of DFS products for payment of goods and services. The issuance of the Interoperability Directive strengthens and improves the regulatory framework to promote usage of DFS and ensure a safe, reliable and convenient payments system infrastructure in the country. RBM will continue to cooperate with the relevant stakeholders through the National Taskforce on Electronic Payments (NTEP) to implement measures aimed at accelerating uptake of electronic payments in the country.