



INTRODUCTION

The country's core payment infrastructure remained operationally stable during the period under review. This resulted in smooth payment, clearing and settlement processes for interbank financial transactions that, among others, help in the implementation of monetary policy and financial stability initiatives in the economy. Relative to December 2017 performance, the overall daily average volume of transactions for January 2018 declined by 9.3% to 462,471 while the corresponding value of transactions recorded an increase of 4.6% to K91.6 billion during the same period (Table 1).

During the period, RBM continued to carry out oversight activities aimed at ensuring safety and efficiency of the national payments system including spearheading implementation of 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

There was mixed performance in MITASS transactions as the total daily average volume registered a decline of 12.1% to 19,111 during the period under review whereas the corresponding daily average value of transactions rose by 5.5% to K87.2 billion. EFTs and cheque transactions contributed to the decreased performance in the volume of transactions as they declined by 14.7% and 7.6%, respectively (Table 1). However, the increase in the value of transactions was contributed by the 8.2% increase in large value interbank transactions.

The decrease in both the volume and value of cheque transactions during the period under review is a welcome development as it suggests that more customers are embracing alternative electronic methods of making payments.

Table 1: Daily Average Payment Systems Turnover

PAYMENT TYPE	JANUARY-2018 (PERIOD TOTAL)		MONTHLY CHANGE (%)	
	Volume	Value (K'mn)	Volume	Value
MITASS TOTAL	19,111	87,186	(12.1)	5.5
LARGE VALUE	770	74,722	2.4	8.2
AUTOMATED CLEARING HOUSE (ACH):	18,341	12,463	(12.6)	(8.2)
Electronic Funds Transfers (EFTs)	12,801	3,068	(14.7)	(0.7)
Direct Debits	-	-	-	-
Cheques	5,540	9,396	(7.6)	(10.4)
RETAIL DFS	443,215	4,414	(9.2)	(10.9)
INTERNET BANKING	3,032	1,970	(19.1)	(14.2)
MOBILE PAYMENTS	437,859	2,331	(9.1)	(8.6)
Bank-led	61,158	701.4	(1.3)	4.8
Non-bank	376,843	1,630	(10.3)	(13.4)
POINT OF SALE (POS)	2,326	113	(10.8)	4.3
GRAND TOTAL	462,471	91,600	(9.3)	4.6

DIGITAL FINANCIAL SERVICES (DFS) TRANSACTIONS

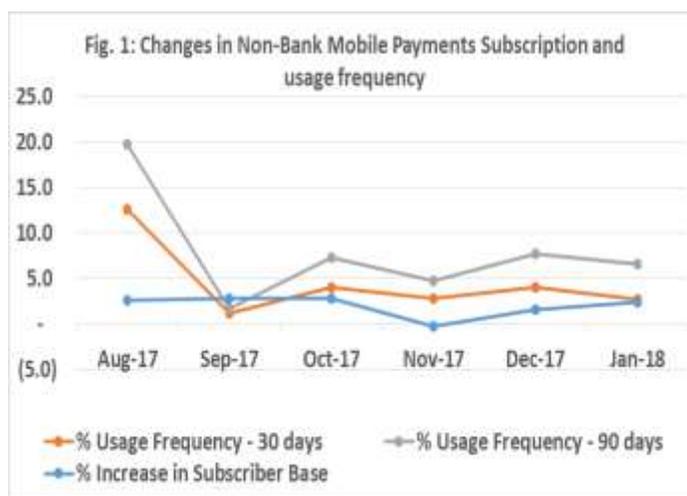
◆ Overall Performance

Relative to December 2017, the daily average volume of overall retail DFS transactions declined by 9.2% to 443,360 in January 2018. Similarly, the corresponding daily average value of DFS transactions declined by 10.9% to K4.4 billion during the same period. Internet banking and Mobile money contributed to this decline as they decreased by 14.2% and 13.4%, respectively, during the period. However, RBM and stakeholders in the payments ecosystem remain committed to increasing uptake and usage of DFS products and services in the country.

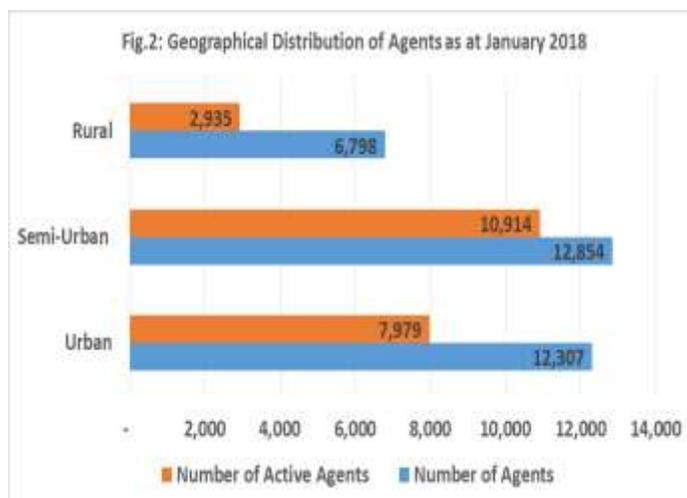
Performance of Non-Bank Mobile Money Services

◆ Growth in number of Subscribers and agent network

Compared to December 2017, the total number of subscribers for MNO-led mobile payment schemes registered a 2.4% increase to 4.7 million in January 2018 (Figure 1). Gender disparity was observed in the subscriber base as females accounted for 37.2% of the total number of customers. There is therefore need for deliberate efforts targeting women to ensure more participation in financial services. However, despite the expansion in subscriber base, mobile money usage still remains low as only 24.8% and 33.1% of the subscribers used the service within the preceding 30 day and 90 day period, respectively. Service providers are therefore urged to intensify their marketing campaigns in order to increase both uptake and usage of mobile money services in the country thereby complementing national efforts in attaining financial inclusion.

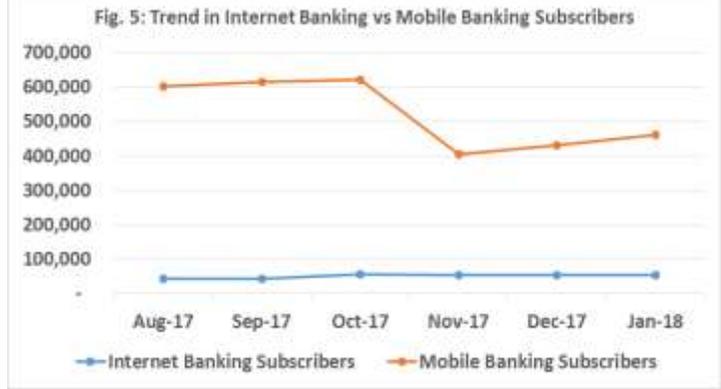
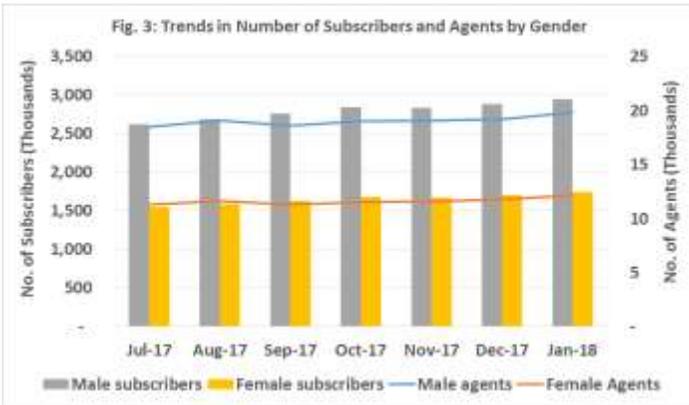


In terms of the agency network, a total of 31,960 agents were reported in the month of January 2018, representing a 5.4% increase. These agents are spread across the country to facilitate delivery of mobile money services by non-bank institutions. However, the geographical distribution of agents remains heavily skewed towards urban and semi-urban areas, as only 6,798 agents are available in rural areas compared to 25,161 agents registered in semi-urban and urban areas (Fig. 2). In addition, out of the total number of agents available in rural areas, only 43.2% were active during the month of January 2018. There is need for more efforts in order to build a vibrant agent network in rural areas if the country is to accelerate financial inclusion as the majority of Malawi's population is based in rural areas.





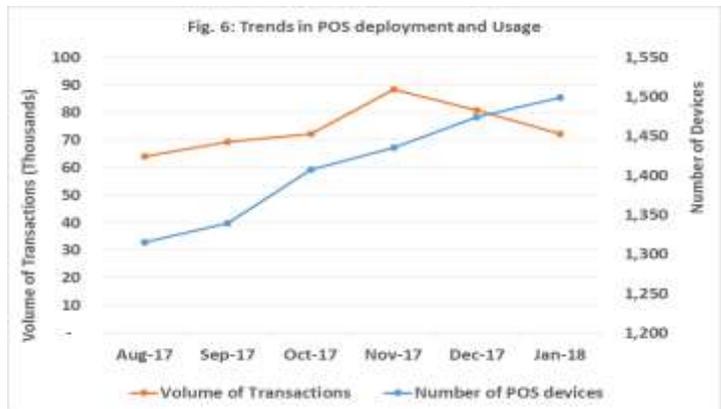
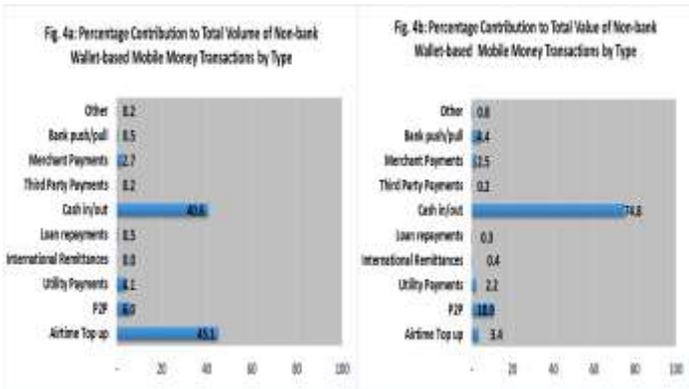
As is the case with subscribers, the agent network is male-dominated, constituting 61.9% of the total number of mobile money agents country wide. However, the disparity doesn't show any improvement as the number of female agents rose by 5.8% to 12,162 in January 2018 compared to an increase of 5.1% in male agents to 19,798 during the same period (Fig. 3). As highlighted elsewhere in this report, there is need for increased efforts targeting women in order to increase their participation in financial services which may including their recruitment in the agency network.



Point of Sale (POS) Transactions

Relative to December 2017, the total number of POS devices rose by 1.7% to 1,499 in January 2018 thereby maintaining the increasing trend observed in the previous 5 months (Fig. 6). The total volume of POS transactions however decreased by 10.8% to 72,105 in January 2018. It is worth noting that 6 out of the total number of 9 commercial banks are operating POS services. However, one challenge faced with the current POS infrastructure is that the majority of the devices are installed in urban areas, with only 2.9% of the total available in rural areas.

Usage of the non-bank mobile money schemes also continues to be limited to the usual types of transactions as most subscribers used the services for airtime purchases and cash-in/outs transactions (Fig 4a and 4b). Limited usage of the services may be due to several reasons including lack of knowledge on other available services.



CONCLUSION

During the period under review, the country's key financial infrastructure was stable resulting in the smooth and successful processing of transactions in the various payment streams. Overall, there was mixed performance as the total daily average volume of transactions decreased whereas the value of transactions increased during the review period. Individual DFS channels however recorded both some level of growth and declining trends in activity during the same period. This could be attributable to seasonal factors, among others.

The RBM will continue to implement measures aimed at accelerating adoption and usage of electronic payments in the country, including implementation of policies and regulations that are conducive to both service providers and subscribers of these services. These activities will complement other national efforts towards achieving financial inclusion

Bank-led Mobile Payments and Internet Banking schemes
The subscriber base for bank-led mobile banking service increased by 7.4% to 461,444 in January 2018 (Fig. 5). However, despite the increase in subscriber base, the volume of transactions showed a marginal decline of 1.3% to 1.9 million in January 2018. Commercial banks should therefore increase their efforts to increase both subscription and usage of mobile banking services for utility payments and purchases of goods and services.

The number of subscribers for internet banking services declined by 1.6% to 53,320 in January 2018. Similarly, the number of transactions on the internet banking platforms declined by 19.1% to 94,004 during the same period. It is also worth noting that subscription on internet banking platforms is much lower compared to mobile banking perhaps due to low internet penetration in the country. The higher number of mobile banking subscribers could also reflect the huge role that mobile phones can play in offering alternative access channels to financial services in the country.