



## INTRODUCTION

During the month of March 2018, the country's main payment infrastructure remained stable and facilitated smooth processing of payment, clearing and settlement transactions thereby supporting the implementation of monetary policy and the stability of the financial system. Compared to February 2018 performance, the overall daily average volume of transactions from all payment streams for March 2018 remained largely unchanged as it recorded a marginal increase of 1.6% to 459,592 whereas the corresponding daily average value of transactions decreased by 8.8% to K92.3 billion during the same period (Table 1).

As per its mandate, the RBM continued to carry out oversight activities aimed at ensuring safety and efficiency of the national payments system during the period including implementation of electronic payments awareness activities to the general public in order to increase usage and adoption of the same.

## PERFORMANCE OF VARIOUS PAYMENT STREAMS

### MITASS PERFORMANCE

The Malawi Interbank Transfer and Settlement System (MITASS) registered a reduction in transaction flows during the period as the daily average volume of transactions declined marginally by 0.04% to 20,367 transactions. Similarly, the corresponding daily average value of transactions decreased by 8.8% to K87.9 billion during the same period. Large value interbank and cheque transactions contributed to the decline in both the volume and value of transactions during the period under review (Table 1).

However, there was a marginal increase in EFT transactions during the period as both the volume and value increased by 1.1% and 2.6%, respectively. This trend is expected to continue as more customers migrate to alternative electronic methods of making payments which are safer and efficient as opposed to cheques and other paper based payment instruments.

**Table 1: Daily Average Payment Systems Turnover**

PAYMENT TYPE	MARCH-2018 (DAILY AVERAGE)		MONTHLY CHANGE (%)	
	Volume	Value (K'mn)	Volume	Value
<b>MITASS TOTAL</b>	<b>20,367</b>	<b>87,851</b>	<b>(0.04)</b>	<b>(8.8)</b>
LARGE VALUE	616	75,795	(9.6)	(9.5)
<b>AUTOMATED CLEARING HOUSE (ACH):</b>	<b>19,751</b>	<b>12,056</b>	<b>0.3</b>	<b>(4.1)</b>
Electronic Funds Transfers (EFTs)	14,358	3,383	1.1	2.6
Direct Debits	-	-	-	-
Cheques	5,393	8,672.6	(1.8)	(6.5)
<b>RETAIL DFS</b>	<b>439,224</b>	<b>4,458</b>	<b>1.6</b>	<b>(9.2)</b>
INTERNET BANKING	3,927	2,131	(8.2)	(12.8)
<b>MOBILE PAYMENTS</b>	<b>432,923</b>	<b>2,216</b>	<b>1.7</b>	<b>(5.1)</b>
Bank-led	55,478	573.5	(14.9)	(14.7)
Non-bank	377,445	1,643	4.7	(1.3)
POINT OF SALE (POS)	2,375	111	10.5	(13.0)
<b>GRAND TOTAL</b>	<b>459,592</b>	<b>92,309</b>	<b>1.6</b>	<b>(8.8)</b>

## DIGITAL FINANCIAL SERVICES (DFS) TRANSACTIONS

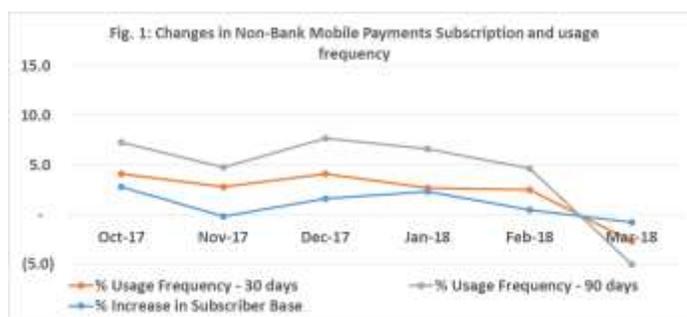
### ◆ Overall Performance

Relative to February 2018, the daily average volume of overall retail DFS transactions recorded an increase of 1.6% to 439,224 in March 2018. However, the corresponding daily average value of DFS transactions declined by 9.2% to K4.5 billion during the same period. Point of Sale and mobile money transactions contributed to the increase in volume as they rose by 10.5% and 4.7%, respectively, during the period. On the other hand, POS and internet banking transactions were the main contributors to the decrease in value (Table 1).

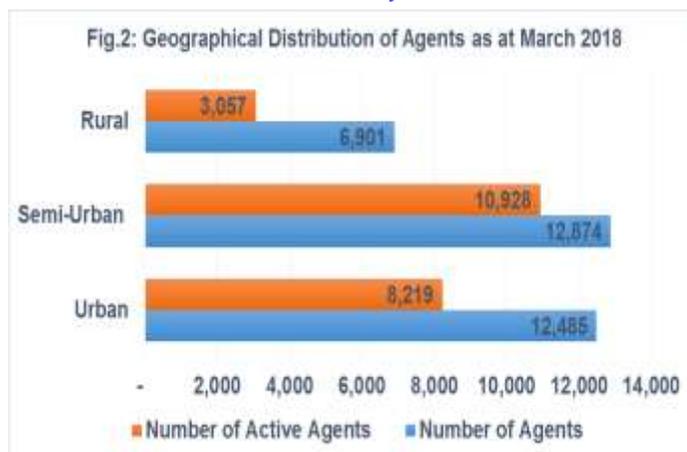
## Performance of Non-Bank Led Mobile Payments Services

### ◆ Growth in number of Subscribers and agent network

Compared to February 2018, the total number of subscribers for MNO-led mobile payment schemes remained largely unchanged at 4.7 million in March 2018 as only a decrease of 0.8% was recorded (Figure 1). Usage of mobile money services still remains low since only 24.8% and 33.2% of the total registered subscribers used the service during the preceding 30-day and 90-day period, respectively. This means that more than 60% of mobile money subscribers are not using the service. Service providers are therefore urged to intensify their marketing campaigns in order to increase usage of mobile money services especially for purchase of goods and services thereby complementing RBM and Government efforts of promoting usage of electronic-based payment methods.



In terms of the agency network, the total number of registered agents declined by 1.1% to 32,261 in March 2018 out of which figure 68.8% were reported to be active. However, the geographical distribution of these agents remains heavily skewed towards urban and semi-urban areas, with only 6,901 agents in rural areas compared to 25,359 agents registered in semi-urban and urban areas (Fig. 2). This is mainly as result of the weaker business case that potential agents to operate in rural areas owing to relatively low transaction flows both in terms of volume and value. As such, it may not be surprising to note that only 44.3% of the total number of agents in rural areas were active during the period. This report therefore notes that apart from the need to build a vibrant agent network, initiatives aimed at the economic and financial empowerment of the rural population is also crucial for acceleration of financial inclusion in the country.



In terms of usage, mobile money transactions continue to be dominated by airtime purchases and cash-in/out transactions. This is largely due to, among other things, lack of awareness of other services offered by these schemes like utility and merchant payments, and the subscribers' general preference for cash as a means of payment. RBM and stakeholders will therefore continue to facilitate awareness of the ideal usage and benefits associated with various mobile money products and services in the country.



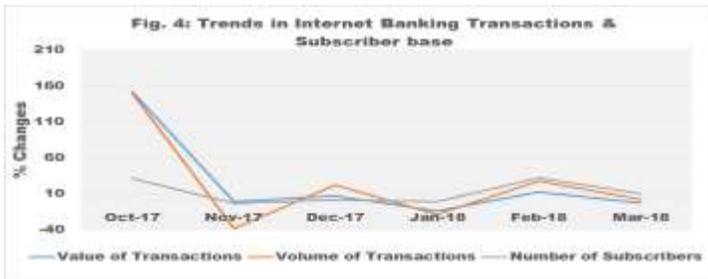
**Bank-led Mobile Payments**

The subscriber base for mobile banking schemes continues to grow as the number increased by 12.4% to 525,039 in March 2018. However, despite this increase usage declined as both the volume and value of bank-led mobile payments decreased by 5.9% and 4.3% to 1.7 million and K18.0 billion respectively (Fig. 3). Funds transfers continue to dominate in terms of value as they contributed 92.3% to the total value of transactions whilst bill payments and airtime purchases dominated in terms of volume accounting for 81.3% of the total during the period



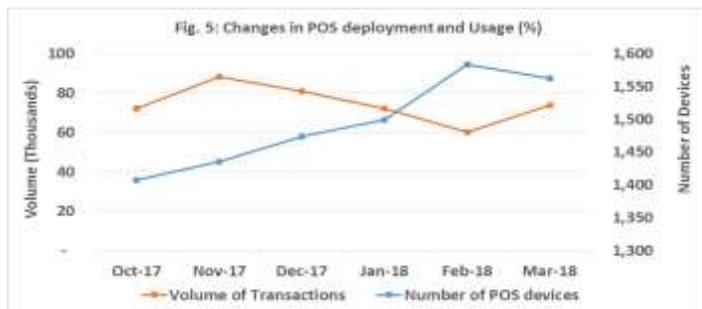
**Internet Banking schemes**

The total number of internet banking subscribers increased by 9.5% to 76,858 in March 2018, with the total volume of transactions registering a modest increase of 1.7% to 121,723 transactions and the corresponding value of transactions declined by 3.5% to K66.1 billion (Fig 4). The subscription of internet banking services is however very low if considered against the total number of bank accounts, and this can be explained by the general apathy towards this particular type of service by account holders as many regard it as more sophisticated than alternatives such as mobile banking.



**Point of Sale (POS) Transactions**

Compared to February 2018, the total number of POS terminals declined by 1.3% to 1,562 in March 2018 (Fig. 5). This number is still considered very low compared to the current population estimated at more than 17 million people. The total volume of POS transactions recorded a significant increase of 22.4% to 73,630 during the month, although the corresponding value of transactions declined by 3.6%. RBM and stakeholders will therefore continue to promote awareness of the benefits of using POS devices for purchases of goods and services as opposed to cash which is risky and bulky.

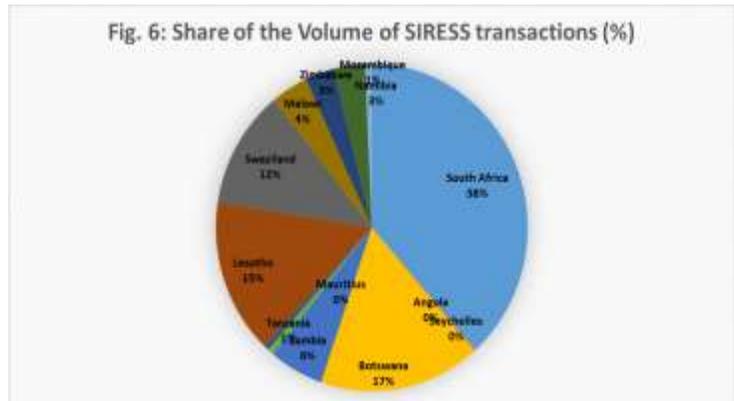


**National Switch Transactions**

The National Switch ATM platform continued to register good progress in terms of usage with volume and value of inter-bank ATM transactions rising by 15.8% and 20.3% to 208,843 and K5.4 billion, respectively. This shows that bank customers are increasingly making use of the interoperability of the ATMs. Progress has also been made to integrate all POS services onto the Switch and so far four out of a total of six banks that offer POS services have connected to the switch. We expect the remaining banks to complete their integration by June 2018. Apart from these two payment services, the Switch is all expected to further connect mobile payments and internet banking services by end of 2018.

**SIRESS Transactions**

The SADC integrated regional electronic settlement system (SIRESS) recorded a reduced performance during the month of March 2018 as both the volume and value of transactions decreased by 7.8% and 38.1% to 1,095 and ZAR245.2 million, respectively. In terms of share of volume of transactions processed amongst all SIRESS participants, Malawi ranks 6th out of 13 countries connected to the system and 4% of the total transactions for March 2018 originated from Malawi. South Africa continues to lead with 38% of the transactions, followed by Botswana and Lesotho with 16.6% and 15.3%, respectively (Fig. 6).



**PROGRESS OF NATIONWIDE SENSITISATION CAMPAIGN ON ELECTRONIC PAYMENTS**

During the month of March 2018, RBM in collaboration with the Ministry of Civic Education, Culture and Community development conducted a series of meetings in 10 districts across the country targeting Community Development Assistants (CDAs) and Area Civic Education Coordinators (ACECs). This was part of activities being carried out under the National Taskforce on Electronic Payments. The meetings were aimed at providing training to the CDAs and ACECs who in turn are expected to help promote awareness of the benefits of adopting and using electronic payments to the rural masses across the country. This exercise is expected to cover the remaining districts during the second half of the year.

**CONCLUSION**

During the period under review, the country's main financial infrastructure remained stable resulting in the smooth and successful processing of transactions in the various payment streams. However, high illiteracy and fewer access points especially in rural areas affects uptake and usage of electronic payments in the country. Service providers are therefore urged to intensify their marketing campaigns and increase their agent network so that a larger proportion of the country's population has access to financial services.