

## OVERVIEW OF STATUS OF NATIONAL PAYMENTS AND INFRASTRUCTURE IN THE COUNTRY <sup>1</sup>

In contrast to the preceding month, there was an increase in the volume and value of transactions passing through the national payments system in February 2016. The total daily average volume of transactions rose by 14.6% to 301,455 whereas the corresponding value increased by 12.5% to K67,578.0 million (Table 1). This improvement reflects an increase in payments activity following on-set of the agricultural marketing season.

The financial infrastructure remained stable in terms of operational availability with the backbone network - comprising of the Automated Transfer System (ATS) and NatSwitch - recording 100% availability against the 96% minimum target set by the SADC region.

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

PAYMENT TYPE	JANUARY-16		FEBRUARY-16		MONTHLY CHANGE (%)	
	Volume	Value (K'mn)	Volume	Value (K'mn)	Volume	Value
<b>MITASS TOTAL</b>	<b>17,313</b>	<b>57,542.0</b>	<b>17,058</b>	<b>64,335</b>	<b>(1.5)</b>	<b>11.8</b>
Large Value	737	47,680.2	750	53,503	1.8	12.2
ACH:	16,576	9,862.4	16,307	10,832	(1.6)	9.8
EFTs	10,320	1,374.5	9,399	1,588	(8.9)	15.5
Direct Debits	-	-	-	-	-	-
Cheques	6,256	8,487.9	6,908	9,244.3	10.4	8.9
ATMS	61,721	1,010.8	64,303	1,072.6	4.2	6.11
INTERNET BANKING	2,049	854.8	2,332	1,335.3	13.8	56.2
<b>MOBILE PAYMENTS</b>	<b>181,107</b>	<b>602.8</b>	<b>216,654</b>	<b>782</b>	<b>19.6</b>	<b>29.7</b>
Bank-led	35,592	166.7	39,623	205.5	11.3	23.3
Non-bank	145,515	436.1	177,031	576.6	21.7	32.4
POINT OF SALE (POS)	946	38.5	1,109	52.5	17.2	36.4
<b>GRAND TOTAL</b>	<b>263,136</b>	<b>60,049.5</b>	<b>301,455</b>	<b>67,578</b>	<b>14.6</b>	<b>12.5</b>

For retail digital financial services (DFS), the increase in the daily average volume and value of transactions was across the board (Fig. 1). Among the DFS channels with substantial upsurge in activity were internet banking (11.3% increase in transaction volume and 56.2% in value), POS devices (17.2% increase in transaction volume and 36.4% in value), mobile payments (19.6% increase in transaction volume and 29.7% in value). Apart from seasonal factors, this trend also reflects consistency of annual increases in the number of subscribers for mobile payments as well as POS deployments (Fig. 2).

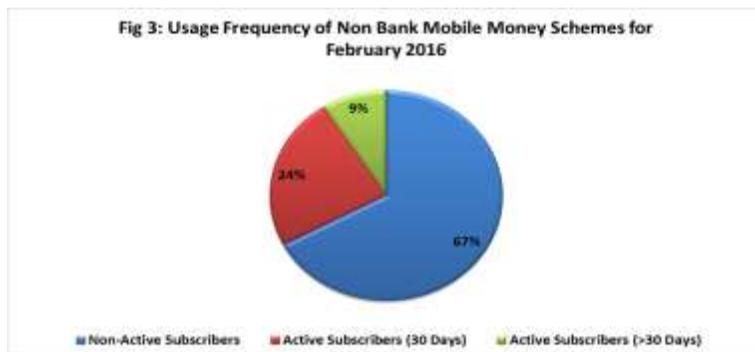


**Footnotes:**  
1. There is a one month lag for some national payments data due to delays in submission of monthly returns by banks & MNOs

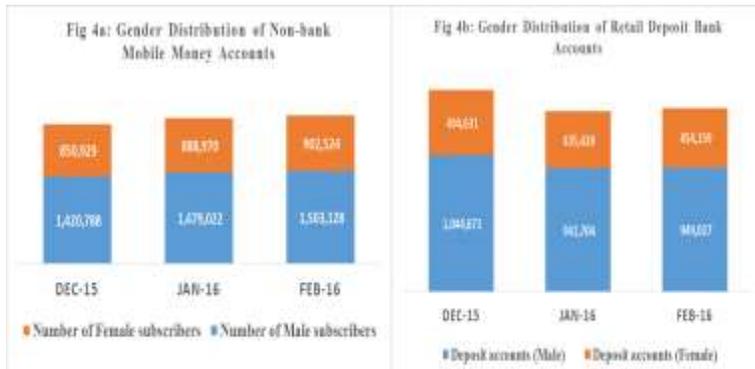
## PERFORMANCE IN INNOVATIVE RETAIL PAYMENT SYSTEMS

### Non-Bank Mobile Payment Schemes

The subscriber base for non-bank mobile money schemes registered a modest increase of 1.6% to 2,405,652 in February 2016, out of which 33% were active within the last 90 days and 24% used the service within the last 30 days (Fig. 3). This implies that 67% of the total subscribers did not use the service in the last 90 days.



In terms of gender distribution of subscribers for non-bank mobile money schemes, the increase was largely the same as that of men which rose by 1.6% to 1,503,128 while the number for women went up by 1.5% to 902,524. (Fig 4a). On the other hand, the performance of women with regard to retail deposit bank accounts was much better as the number of account holders rose by 4.1% to 454,159, compared to an increase of 0.7% to 949,027 for men (Fig 4b). This is an encouraging outturn as it suggests that more women were included in the formal banking system during the month under review.



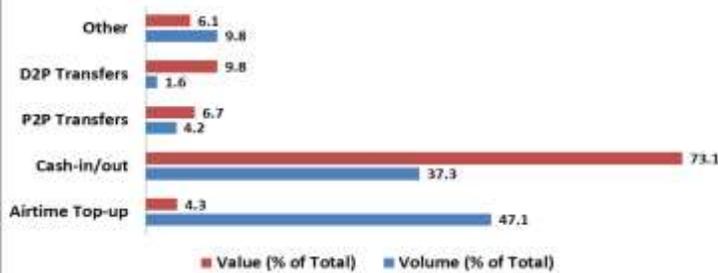
There was a strong increase in the total transaction volume and value of non-bank mobile money in February 2016 (Fig. 5). The volume rose by 13.8% to 5.1 million while the value increased by 23.7% to K16.7 billion. Airtime top-ups accounted for 47.1% of total volume and 4.3% of value (Fig. 6). Cash-ins and cash-outs were 37.3% of the total volume and 73.1% of the total value whereas person to person (P2P) transfers contributed 4.2% to the total volume and 6.7% to total value. Donor to person (D2P) payments represented 1.6% of the total volume and 9.8% of the value. The rest of the transactions comprised person to business (P2B) payments, international remittances and utility bill payments.

The dominance of cash-in and cash-out transactions reflects the widespread usage of cash as a means of making payments in Malawi. There is therefore need to promote P2B transactions as one way of reducing cash usage.

**Fig 5: Trend for Non-Bank Mobile Payments Transactions & Subscriber Base**



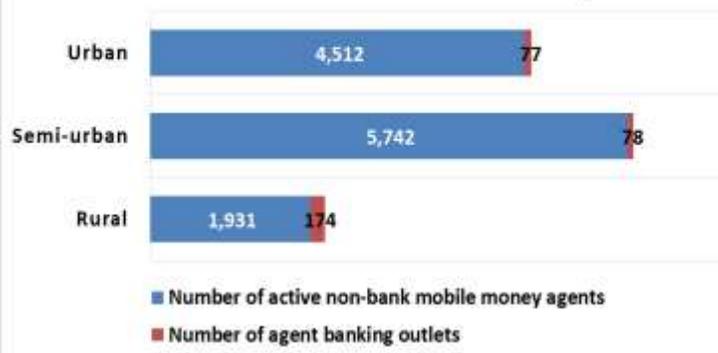
**Fig. 6: Non Bank Mobile Money Transactions by Type for February 2016 (% Contribution)**



As measured by the number of agents, non-bank mobile money services remains concentrated in urban and semi-urban areas, compared to rural areas (Fig. 7). This reflects infrastructural challenges which undermine service outreach to rural areas. In terms of agent spread for commercial banks, rural outreach is much better although the number of agents is relatively low.

Among other things, infrastructural challenges are contributing to the slow progress in the development of a viable mobile payment ecosystem in Malawi. RBM, in consultation with key stakeholders, is however developing a Roadmap to accelerate digitization of payments in the country.

**Fig 7: Geographical Presence of Agents: Non-bank Mobile Schemes vs Bank led Schemes: February 2016**



### Bank-led Mobile Payments Schemes

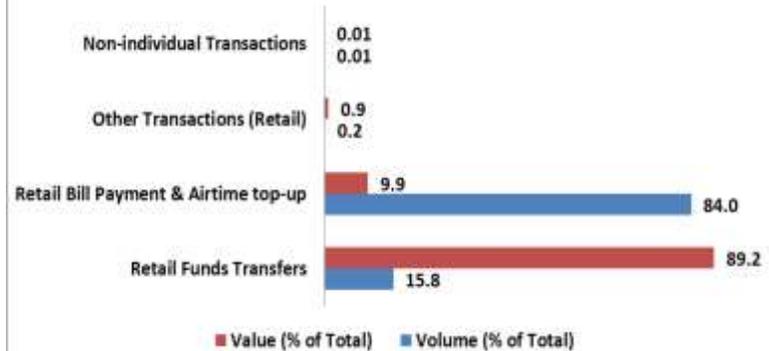
The subscriber base for bank-led mobile payments rose by 9.4% to 530,324 in February 2016, of which 99.9% (or 529,815) were retail subscriber while the remainder (or 509) were corporates. The total volume and value of transactions increased by 4.4% and 16.7% to 1.1 million and K6.0 billion over the same period, respectively (Fig 8).

**Fig 8: Trends in Bank-led Mobile Payment Transactions & Subscriber Base**



Funds transfers through bank-led mobile payments accounted for 15.8% of total volume and 89.2% of value (Fig. 9). Bill payments and airtime top up were 84% of the total volume and 9.9% of the total value whereas non-individual transfers contributed 0.01% to the total volume as well as value. The remainder, comprising other retail transactions, accounted for 0.15% of the volume and 0.9% of the value.

**Fig 9: Bank-led Mobile Payments by Type (% Contribution)**



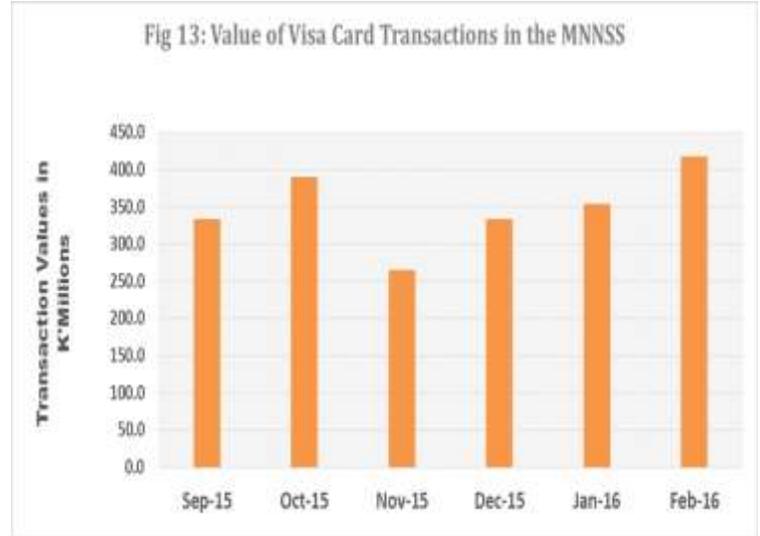
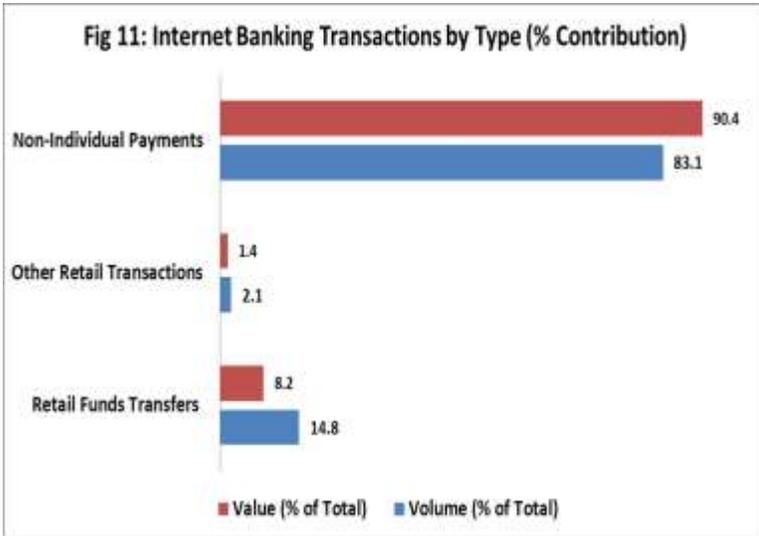
### Internet Banking

The total number of subscribers for internet banking increased by 0.8% to 39,180 in February 2016, of which 67.5% (or 26,462) were retail and 32.5% (or 12,718) were corporates. In terms of transactions, the volume and value increased by 3.8% and 46.1% to 67,623 and K38.7 billion respectively (Fig. 10).

**Fig 10: Trends in Internet Banking Transactions & Subscribers Base**



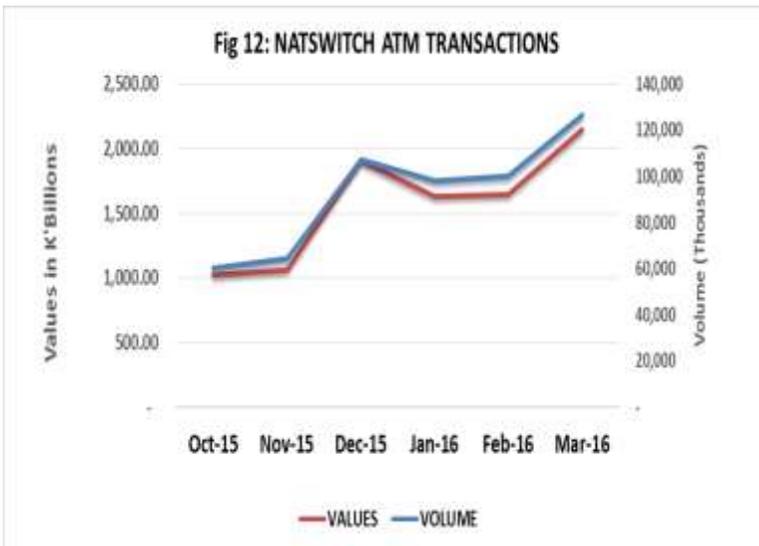
Non-individual transactions through internet banking contributed 90.4% of the total volume and 83.1% of the value, while retail funds transfers accounted for 14.8% of the volume and 8.2% of the value (Fig 11). Other transactions accounted for 2.1% of the volume and 1.4% of the value.



**Card Payments**

**ATM Transactions through NatSwitch**

There was a surge in the total volume and value of withdrawals through ATMs linked to the National Switch in March 2016 (Fig 12). The volume rose by 26.5 % to 126,787 while the value registered a 30% increase to K2.2 billion. The upsurge in ATM withdrawals is another indication of widespread use of cash in the country despite the availability of innovative products such as mobile money and POS devices. This calls for speedy inter-connectivity of POS devices to the NatSwitch as well as intensified public awareness campaigns on innovative payment products.



**VISA Card Transactions through Malawi National Net Settlement System (MNNSS)**

Just as was the case with NatSwitch ATM transactions, the total value of VISA card transactions processed through the MNNSS registered a significant increase to close February 2016 at K417.6 million, representing a rise of 17.8% (Fig 13).