



INTRODUCTION ¹

The Country's financial infrastructure remained stable and enabled smooth payment, clearing and settlement of both high and low value transactions during the month of May 2017. As a result, both the daily average volume and value of transactions processed in the overall financial infrastructure increased by 3.5% and 2.1% to 472,244 and K68.1 billion, respectively (Table 1). This was largely on account of an increase in MITASS transactions and some isolated improvements in the performance of individual retail digital financial transactions during the period as a result of seasonal factors.

RBM and key stakeholders continued to implement measures aimed at increasing uptake of electronic payments under the National Taskforce on Electronic Payments (NTEP) roadmap, which is in sync with the Government's efforts of digitising payments and achieving financial inclusion in the country.

PERFORMANCE OF VARIOUS PAYMENT STREAMS

MITASS PERFORMANCE

In relation to the April 2017 performance, there was a rebound in both the daily average volume and value of transactions in May 2017 as the daily average volume of MITASS transactions rose by 8.8% to 20,146 whilst the corresponding value registered a marginal increase of 2.2% to K63.9 billion. This was driven by an increase of 6.6% and 2.2% in large value interbank transaction volumes and values, respectively coupled with a surge in the volume of electronic funds transfers (EFTs) by 14.6% while its corresponding value grew by 4.3% (Table 1). This performance is expected to continue in the period ahead as Government intensifies its efforts of migrating the other payment streams onto MITASS.

Table 1: Daily Average Payment Systems Turnover

PAYMENT TYPE	MAY-2017 (PERIOD TOTAL)		MONTHLY CHANGE (%)	
	Volume	Value (K'mn)	Volume	Value
MITASS TOTAL	20,146	63,881.4	8.8	2.2
LARGE VALUE	734	51,430.6	6.6	3.1
AUTOMATED CLEARING HOUSE (ACH):	19,413	12,450.7	8.9	(1.2)
Electronic Funds Transfers (EFTs)	12,752	2,277.4	14.6	4.3
Direct Debits	-	-	-	-
Cheques	6,660	10,173.3	(0.6)	(2.3)
RETAIL DFS CHANNELS TOTAL	452,098	4,202.5	3.3	(0.2)
ATM CASH WITHDRAWALS	59,236	1,322.8	(2.5)	6.1
RETAIL DFS MINUS ATM CASH	392,861	2,879.7	4.2	(2.9)
INTERNET BANKING	1,663	1,082.5	(12.9)	(7.6)
MOBILE PAYMENTS	389,193	1,702.7	4.3	(0.1)
Bank-led	39,730	402.7	(9.0)	(4.5)
Non-bank	349,462	1,300.0	6.1	1.3
POINT OF SALE (POS)	2,005	94.5	1.2	6.8
GRAND TOTAL	472,244	68,083.8	3.5	2.1

DIGITAL FINANCIAL SERVICES (DFS) TRANSACTIONS

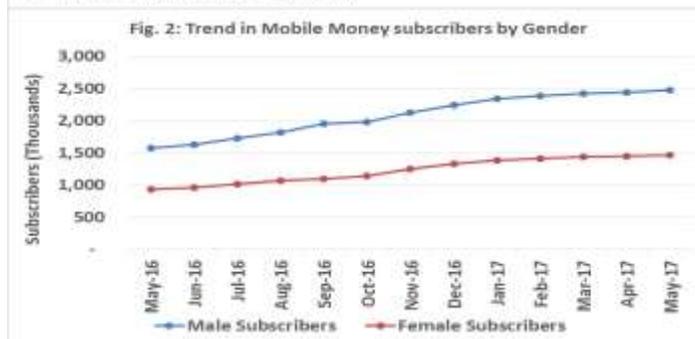
Overall performance

There was a mixed performance in terms of DFS as the daily average volume of transactions rose by 3.3% to 452,098 whereas the corresponding value recorded a marginal decline of 0.2% to K4.2 billion in May 2017 (Table 1). The increase in the daily average volume of DFS

transactions was mainly on account of a 6.1% increase in non-bank led mobile payment schemes whilst internet banking and bank-led mobile payment transaction value contributed to the overall DFS decrease in transaction value as they contracted by 7.6% and 4.5%, respectively. Nonetheless, an increase in DFS transaction values and volumes is expected in subsequent months following various sensitisation and promotional campaigns carried out by NTEP as well as individual payment service providers.

Performance of MNO-Led (E-Wallet) Mobile Payment Services

The number of subscribers for MNO-led mobile payments registered an increase, albeit marginally of 1.3% to 3.9 million in May 2017 (Figure 1). However, the number of active users within the past 30 days stood at 22.9% of the total subscriber base while those that were active within the past 90 days constituted 32.1%. The development calls for service providers to continue implementing measures that would ensure increased and sustained usage of mobile payment services by registered customers. Analysis based on gender balance also shows that since May 2016, women lag behind in subscribing to the MNO-Led mobile payments and during the period under review, there were only 37.2% female subscribers with the remainder attributable to male subscribers (Figure 2). Nevertheless, there is potential for increased women participation in the uptake of electronic payments and as such, service providers are urged to design deliberate policies targeting the womenfolk. For instance, payment service providers can come up with incentives for women to sign up as agents. This would open business opportunities for women and hence set an enabling environment for their participation in the formal financial services industry.



While the number of active subscribers as indicated above and in previous reports may seem to be relatively low for MNO-led mobile payments, a comparative analysis shows that both the volume and value of transactions have almost doubled in the five months period to May 2017 compared to a similar period in 2016 (Figure 3). For instance, the volume of transactions increased by 68.9% in May 2016 to 10.8 million in May 2017. Similarly, the corresponding value of transactions rose by 110.9% to K40.3 billion during the same period. However, for this growth to be sustained, the RBM is setting an enabling environment to promote interoperability of various retail payment systems including mobile payment solutions. This initiative is expected to increase efficiencies in the entire national payments system besides boosting confidence by users in various payment products and services.

Footnotes:

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



Fig. 3: Comparative Trend in Mobile Money Transactions



It has been observed that the non-bank mobile money schemes continue to be limited to the usual types of products as most subscribers used the services for airtime purchases and for cash in/out purposes (Fig 4a and Fig 4b). Against this background, the RBM and stakeholders under NTEP need to intensify awareness activities so that the general public can increase usage of mobile payments for other purposes other than airtime top-up and cash in/out. Besides addressing security issues, the awareness campaigns should also articulate advantages of using mobile payment solutions for purchases of goods and services over cash. Similar messages should also be directed at merchants/billers and retailers as they also stand to benefit by adopting electronic payments.

Fig. 5: Distribution of Non E-wallet mobile money services by Gender



♦ Bank-led Mobile Payments

The subscriber base for bank-led mobile payments continued to expand as it recorded an increase of 2.4% to 571,692 in May 2017, having registered a similar performance in the previous month. The percentage contribution of retail subscribers to the total number of subscribers continued to be over 99.0% suggesting that the service is mostly used by individuals as opposed to corporates. In terms of usage, over 80.0% of the total volume of transactions were retail bill payments and airtime top ups whereas funds transfers dominated with respect to the total value of transactions (Figure 6). Bank-led mobile payment transactions by corporate subscribers remained insignificant as they accounted for just 0.03% and 0.01% of the total volume and value of transactions, respectively. This trend is not surprising as most corporates rely on internet banking.

Fig. 4a: Percentage Contribution to Total Volume of Non-bank Wallet-based Mobile Money Transactions by Type

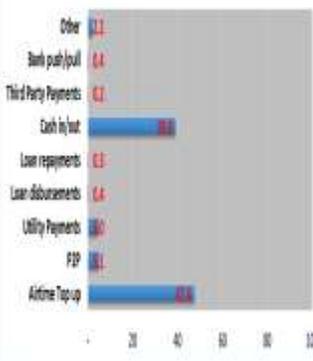
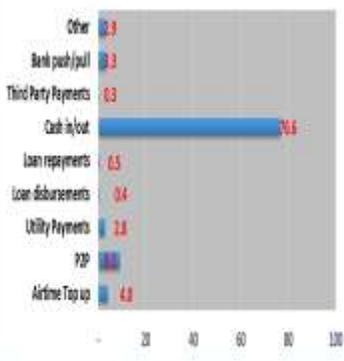


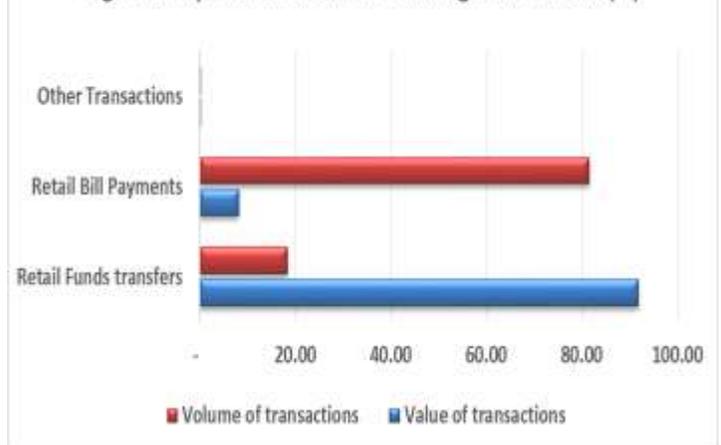
Fig. 4b: Percentage Contribution to Total Value of Non-bank Wallet-based Mobile Money Transactions by Type



♦ Non E-Wallet Mobile Money Services

These are mostly person to person (P2P) transactions processed by non E-wallet based mobile money services. During the period under review, there was a surge in both the volume and value of transactions as the former rose by 11.4% to 59,672 whilst the latter increased by 15.3% to K727.2 million. In terms of agent network, there was an 8.1% increase in the number of non E-wallet mobile money agents to 534 in May 2017. This trend is commendable as it increases formal financial access points across the country besides helping a number of people participate in business. More efforts are however needed to increase the number of outlets across the country especially in rural areas. However, the distribution of these agents by gender mirrors that of MNO-led mobile money services as the majority of agents (56.9%) are male, with the remainder accounting for female agents (Figure 5). As earlier suggested, there is need for deliberate efforts to increase women participation in the formal financial system.

Fig. 6: Composition of Mobile banking Transactions (%)



♦ Internet Banking Transactions

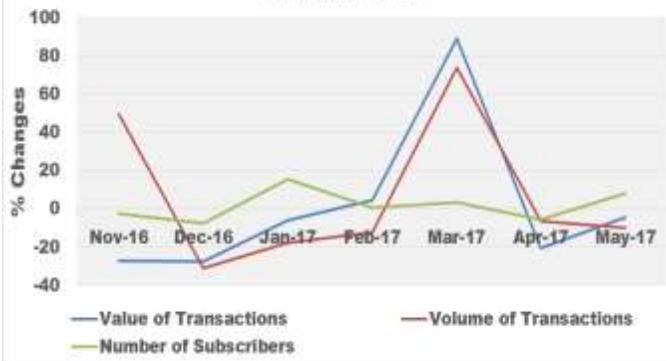
There was a rebound in the number of subscribers for internet banking services as they rose by 8.2% to 38,032 in May 2017, having declined by 5.8% during the previous month. Despite the increase in subscriber base, usage in both volume and value of transactions declined by 10.1% and 4.5% to 51,555 and K33.6 billion, respectively. As indicated above, corporate subscribers continued to dominate use of internet banking with respect to both volume and value of transactions during the period under review.

Footnotes:

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Fig. 7: Trends in Internet Banking Transactions & Subscriber base



♦ **Auto Teller Machine (ATM) Payments**

The number of ATMs deployed stood at 471 during the period under review. However, ATM usage increased during the same period as both the volume and value of transactions rose by 0.7% and 9.6% to 1.8 million and K41.0 billion. In terms of composition of the transactions, 99.9% of ATM transactions were cash withdrawals and therefore not considered as electronic payments. It is against this trend that RBM and stakeholders under NTEP are implementing measures aimed at promoting adoption and usage of electronic payments so that dependence on ATMs and hence cash is reduced.

♦ **Point of Sale (POS) Transactions**

POS deployment continued to increase as the number of terminals rose by 5.9% to 1,258 in May 2017. Similarly, usage of POS terminals increased as both the volume and value of transactions rose by 4.5% and 10.2% to 62,166 and K2.9 billion during the same period (Fig. 8). This is a welcome development and should be maintained as it helps to reduce reliance on cash by different economic agents. Merchants and retailers are therefore urged to adopt POS devices and mobile payments.

Fig. 8: Monthly Trend in POS Transactions



♦ **SIRESS Performance**

The number of transactions for the SADC Integrated Regional Settlement System (SIRESS) registered an increase of 26.8% to 1,312 in May 2017. Similarly, the corresponding value of transactions increased by 72.3% to ZAR321.0 million during the same period (Figure 9). This is also commendable as it shows the confidence various stakeholders have in the system.

Fig. 9: Monthly trend in SIRESS Transactions



PROGRESS OF NATIONWIDE SENSITISATION CAMPAIGN ON ELECTRONIC PAYMENTS

During the period under review, NTEP continued to carry out activities aimed at promoting usage of various electronic payment products and services in the country. As highlighted in the previous report, airing of appropriate sensitisation messages by various media houses in the country started in May 2017 and is expected to run for a period of eight (8) months. The messages will be disseminated through jingles and comedy on both radio and television.

CONCLUSION

The financial infrastructure remained stable and thus allowed all financial transactions to settle without any disruptions during the period under review. Resultantly, both the daily average volume and value of transactions registered improved performance during the period relative to April 2017.

RBM and key stakeholders continued to implement measures aimed at increasing adoption and usage of electronic payments under the National Taskforce on Electronic Payments (NTEP), which is in tandem with the Government's efforts of digitising payments and achieving financial inclusion in the country.

Footnotes:

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