



## INTRODUCTION

The country's main payment infrastructure continues to be stable during the period under review thereby allowing 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 January 2017 performance, the overall daily average volume of transactions for February 2018 recorded a marginal decrease of 2.1% to 452,566 while the corresponding value of transactions increased by 10.5% to K101.2 billion during the same period (Table 1).

RBM continued to carry out oversight activities aimed at ensuring safety and efficiency of the national payments system during the period 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

The total daily average volume of MITASS transactions registered an increase of 6.6% to 20,375 during the period under review. Similarly, the corresponding daily average value of transactions increased by 10.5% to K96.3 billion during the same period. EFTs contributed to the increased performance in the volume of transactions as they rose by 7.4% during the period (Table 1). On the other hand, the increase in the value of transactions was contributed by the 12.1% and 7.5% increase in large value interbank and EFT transactions, respectively. However, there was a marginal reduction in cheque transactions during the period as both the volume and value declined by 0.8% and 1.3%, respectively.

The increase in both the volume and value of EFT transactions coupled with the decrease in the volume and value of cheque transactions during the period under review is a welcome development that would need to be sustained for a steady customer migration to alternative electronic methods of making payments which are safer and efficient.

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

PAYMENT TYPE	JANUARY-2018 (PERIOD TOTAL)		MONTHLY CHANGE (%)	
	Volume	Value (K'mn)	Volume	Value
<b>MITASS TOTAL</b>	<b>20,375</b>	<b>96,336</b>	<b>6.6</b>	<b>10.5</b>
<b>LARGE VALUE</b>	682	83,764.2	(11.5)	12.1
<b>AUTOMATED CLEARING HOUSE (ACH):</b>	<b>19,693</b>	<b>12,571</b>	<b>7.4</b>	<b>0.9</b>
Electronic Funds Transfers (EFTs)	14,199	3,296.5	10.9	7.5
Direct Debits	-	-	-	-
Cheques	5,494	9,274.8	(0.8)	(1.3)
<b>RETAIL DFS</b>	<b>432,191</b>	<b>4,907</b>	<b>(2.5)</b>	<b>11.1</b>
INTERNET BANKING	4,277	2,443.8	41.0	24.0
<b>MOBILE PAYMENTS</b>	<b>425,766</b>	<b>2,336</b>	<b>(2.8)</b>	<b>0.2</b>
Bank-led	65,166	672.1	6.6	(4.2)
Non-bank	360,600	1,663.8	(4.3)	2.1
POINT OF SALE (POS)	2,149	127.2	(7.6)	12.8
<b>GRAND TOTAL</b>	<b>452,566</b>	<b>101,242</b>	<b>(2.1)</b>	<b>10.5</b>

## DIGITAL FINANCIAL SERVICES (DFS) TRANSACTIONS

### ♦ Overall Performance

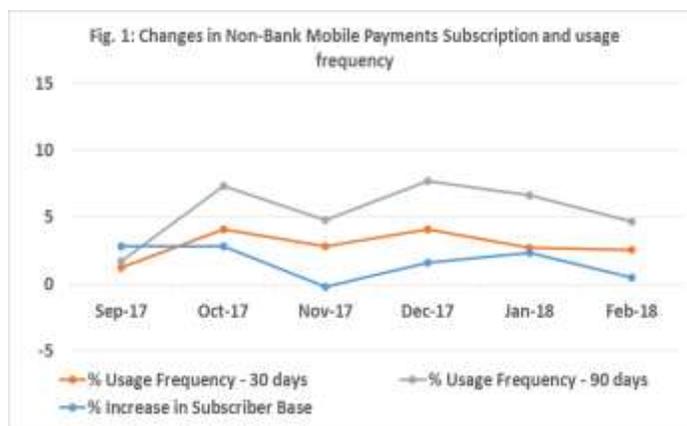
Compared to January 2018, the daily average volume of overall retail DFS transactions declined by 2.5% to 432,191 in February 2018. However, the corresponding daily average value of DFS transactions increased by 11.1% to K4.9 billion during the same period. Point of Sale and mobile money transactions contributed to this decline as they decreased by 7.6% and 4.3%, respectively, during the period. On the other hand, Internet banking and Point of sale transactions contributed to the increase in value. RBM and stakeholders remain committed to increasing uptake and usage of DFS products and services in the country.

## Performance of Non-Bank Mobile Money Services

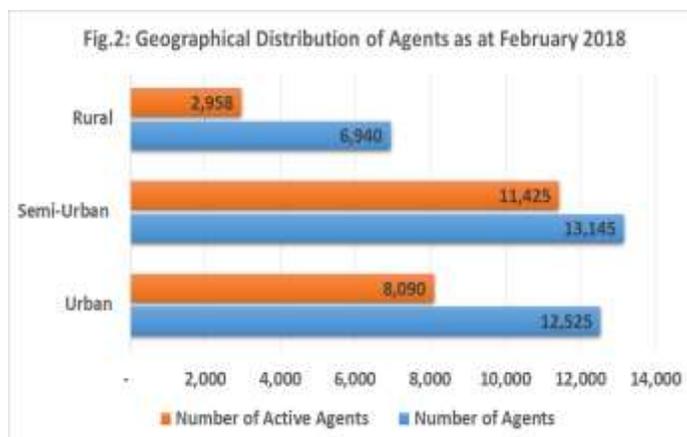
### ♦ Growth in number of Subscribers and agent network

Relative to January 2018, the total number of subscribers for MNO-led mobile payment schemes remained almost unchanged at 4.7 million in February 2018 as only an increase of 0.5% was recorded (Figure 1). The Gender gap continued to be skewed towards males as females accounted for only 37.2% of the total subscriber base. Deliberate efforts targeting informal groups in rural areas most of which are formed by women such as village banks would help to ensure more women participation in financial services.

Despite the large subscriber base, mobile money usage still remains low as only 25.3% and 33.7% of the subscribers used the service during 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 especially for purchase of goods and services thereby complementing national efforts of attaining financial inclusion.

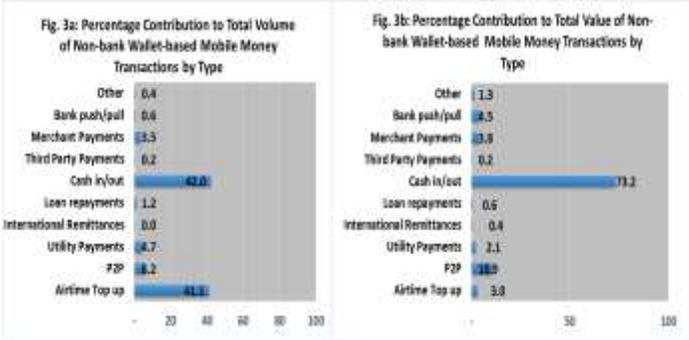


In terms of the agency network in the country, a total of 32,610 agents were recorded in the month of February 2018, representing a 2.0% increase. These agents are spread across the country to facilitate delivery of mobile money services by non-bank institutions. However, the geographical distribution of these agents remains heavily skewed towards urban and semi-urban areas, as only 6,940 agents are available in rural areas compared to 25,670 agents registered in semi-urban and urban areas (Fig. 2). In addition, out of the total number of agents available in rural areas, only 42.6% were active during the month of February 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. In the spirit of bridging the gender gap as highlighted above, women should be particularly targeted for recruitment as agents as the service providers try to increase the number of access points.



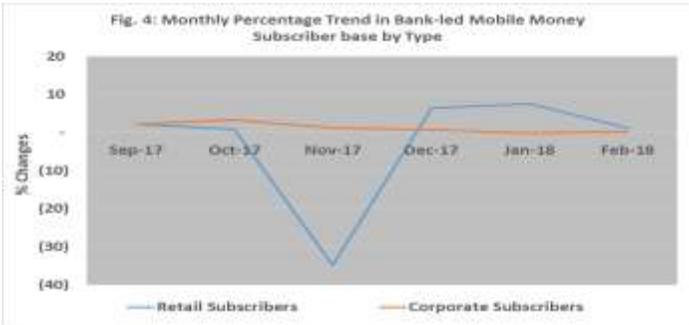


In terms of usage, as in previous months, a large proportion of mobile money transactions were for airtime purchases and cash-in/out transactions (Figure 3a and 3b). This is largely due to, among other things, lack of awareness of other services offered by these schemes like utility and merchant payments, 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.



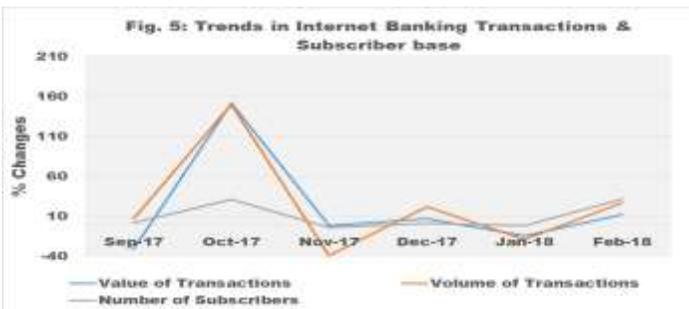
**Bank-led Mobile Payments**

The number of subscribers for mobile banking schemes rose by a modest 1.2% to 467,034 in February 2018. The increase emanated from both retail and corporate subscribers during the period (Figure 4). However, despite the slight increase in the subscriber numbers, both the volume and value of bank-led mobile payments decreased by 3.8% and 13.5% to 1.8 million and K18.8 billion respectively. In terms of transaction types, mobile banking services were mostly used for funds transfers which accounted for 92.3% of the total value, whereas for volume of transactions bill payments and airtime purchases accounted for 81.3% of the total (Fig. 4).



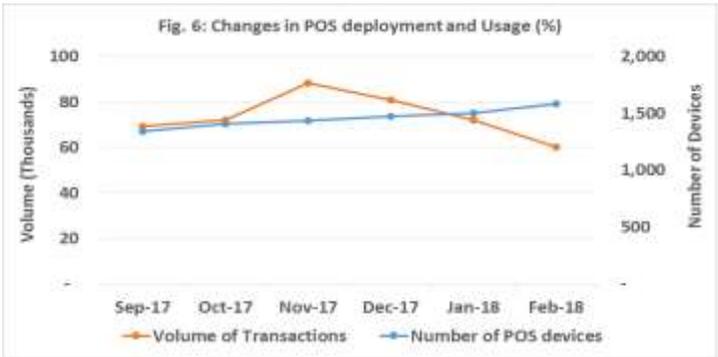
**Internet Banking schemes**

The total subscriber base for internet banking services recorded a significant increase of 31.6% to 70,176 in February 2018. Retail subscribers contributed 85.1% of the total number of subscribers during the period while the remainder accounted for non-individual subscribers. Similarly, significant movements were registered in usage as both the volume and value of transactions increased by 27.4% and 12.0% to 119,744 and K68.4 billion in February 2018, respectively (Fig 5).



**Point of Sale (POS) Transactions**

Compared to January 2018, the total number of POS devices rose by 5.6% to 1,583 in February 2018, the highest percentage increase recorded over the previous 5 months (Fig. 6). 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 decreased by 16.6% to 60,163 during the period, suggesting that usage of POS services for purchase of goods and services is still sluggish. RBM and stakeholders will therefore continue to create awareness of the benefits of using POS devices as part of efforts to accelerate usage of electronic payments in the country.



**ATM Transactions**

Usage of ATMs for other transactions apart from cash withdrawals continues to be low as out of the 1.7 million transactions processed through ATMs, cash deposits, funds transfers and bill payments and airtime top-ups accounted for only 3,995 transactions during the period. Similarly, the corresponding value of transactions for cash deposits, funds transfers and bill payments/airtime top-ups accounted for only K202.2 million out of the K44.0 billion processed during the period. There is therefore need for more awareness efforts to ensure more people utilize ATMs for other transactions and reduce cash withdrawals.

**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. Overall, there was mixed performance as the total daily average volume of transactions decreased whereas the value of transactions increased during the review period. The increase in both the volume and value of EFT and other DFS transactions coupled with the decrease in the volume and value of cheque transactions during the period is a welcome development as it suggests a steady customer migration from cash to alternative electronic methods of making payments which are safer and efficient.

RBM and key stakeholders will continue to implement measures aimed at increasing adoption and usage of electronic payments under the National Taskforce on Electronic Payments as adoption of electronic payments is critical to achieving financial inclusion and economic development of the country.