



INTRODUCTION

The country's core payments 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 May 2018 performance, the overall daily average volume of transactions for June 2018 increased by 6.1% to 602,228 while the corresponding value of transactions declined by 8.0% to K103.7 billion..

During the period under review, RBM continued to implement measures aimed at ensuring safety and efficiency of the national payments system including spearheading implementation of measures aimed at promoting awareness of electronic payments in order to increase their usage and adoption.

Table 1: Daily Average Payment Systems Turnover

PAYMENT TYPE	JUNE-2018 (DAILY AVERAGE)		MONTHLY CHANGE (%)	
	Volume	Value (K'mn)	Volume	Value
MITASS TOTAL	20,336	98,116	(12.3)	(8.9)
LARGE VALUE	725	84,063.8	(9.6)	(10.2)
AUTOMATED CLEARING HOUSE (ACH):	19,611	14,053	(12.4)	(0.3)
Electronic Funds Transfers (EFTs)	14,234	3,684.1	(13.8)	(4.4)
Direct Debits	-	-	-	-
Cheques	5,377	10,368.4	(8.4)	1.2
RETAIL DFS	581,893	5,559	6.9	9.9
ATM DFS Transactions	162	7.9	(8.6)	12.9
INTERNET BANKING	4,703	2,461.9	(7.6)	9.9
MOBILE PAYMENTS	574,419	2,964	7.1	9.9
Bank-led	67,334	708.8	1.1	4.9
Non-bank	507,085	2,255.1	7.9	11.5
POINT OF SALE (POS)	2,610	124.9	4.2	12.5
GRAND TOTAL	602,228	103,675	6.1	(8.0)

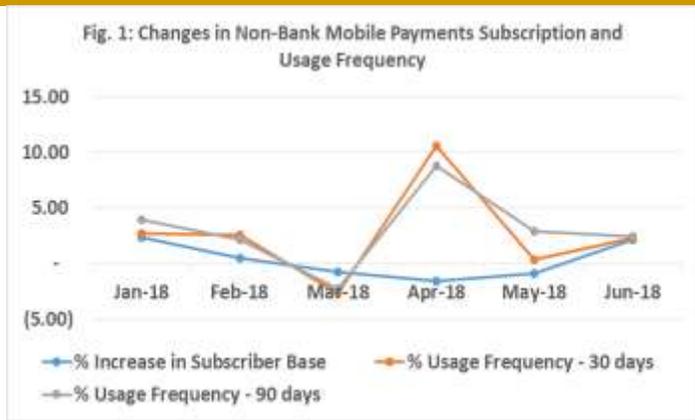
DIGITAL FINANCIAL SERVICES (DFS) TRANSACTIONS

◆ **Overall Performance**

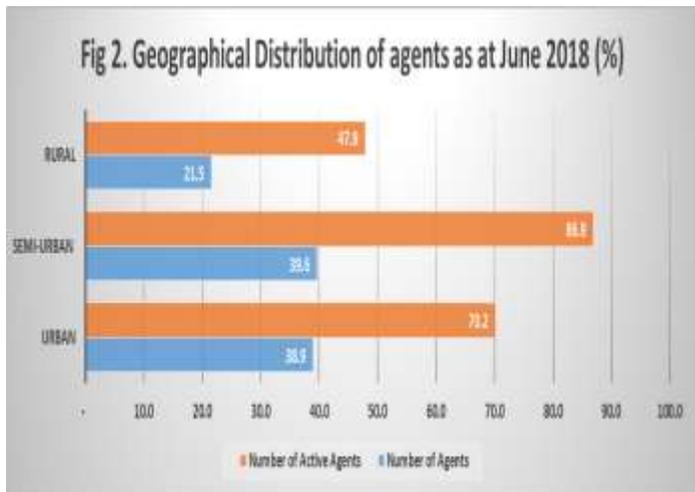
Relative to the previous month, daily average volume of overall retail DFS transactions increased by 6.9% to 581,893 in June 2018. Similarly, corresponding daily average value of DFS transactions increased by 9.9% to K5.6 billion. Mobile payments and POS transactions contributed to the increase in the daily average volume of transactions while all DFS channels contributed to the increase in daily average value of transactions during the period under review. Any sustained increase in retail DFS transactions is viewed as good development as it reflects continued customer migration from cash to electronic means of making payments.

Performance of Non-Bank Led Mobile Payments Services

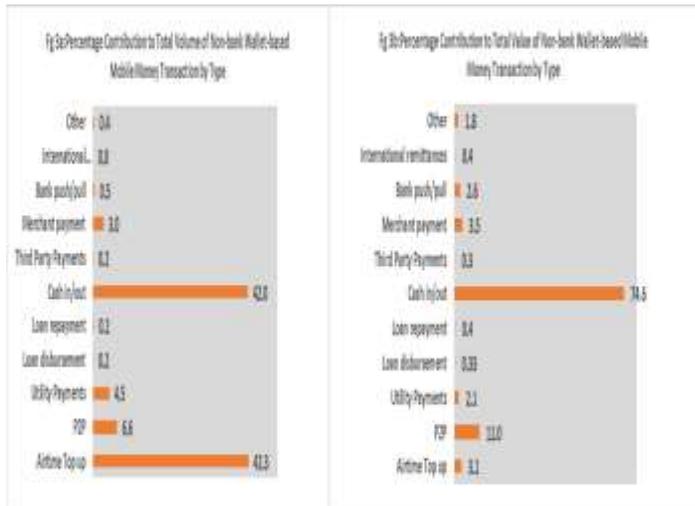
The total number of registered subscribers for MNO-led mobile payment schemes rose by 2.1% to 4.7 million in June 2018 (Figure 1). However, despite the steady growth in the number of subscribers, usage of mobile money services remain low as only 28% and 38% of the registered customers used the services within the last 30 days and 90 days, respectively. This low usage could, among other reasons, be attributed to low awareness of advantages of using electronic payment services by some sections of the society.



In terms of the agency network, the month of June 2018 recorded a total of 35,865 registered mobile money agents spread across the country. However, the geographical distribution of agents remains heavily skewed towards urban and semi-urban areas, which accounted for 78.5% of the total number of agents. Furthermore, only 47.9% of the registered mobile money agents in rural areas were active as at end June 2018 (Fig. 2). There is therefore need for increased efforts to raise awareness regarding advantages of using electronic payments in rural areas.



Figures 3a and 3b show that the majority of transactions on the mobile money platforms were for airtime purchases and cash-in/out services. This suggests that other available types of services are underutilised, such as utility and merchant payments which currently account for less than 5% of the transactions.



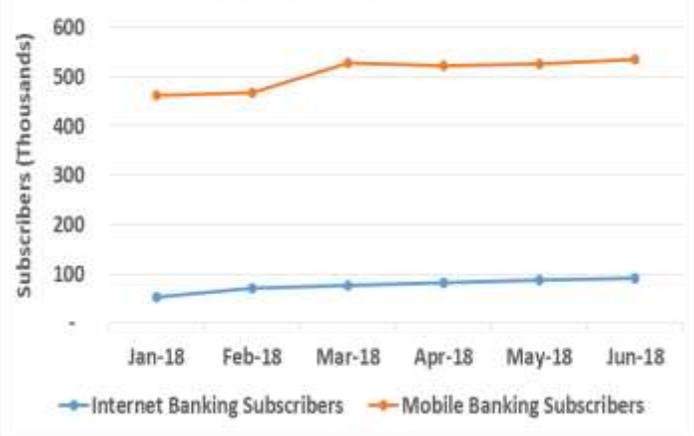


Mobile and Internet Banking Services

The number of subscribers for mobile banking services rose marginally by 1.6% to 534,892 in June 2018 (Fig. 4), which is a number much lower compared to the number of subscribers for non-bank mobile payments in the country. This is because mobile banking is a service extended to customers with bank accounts while the non-bank mobile money services are used by both banked and non-banked customers. In terms of usage, bank-led mobile payment services were mostly used for retail fund transfers which accounted for 90.1% of the total value, whereas bill payments and airtime purchases accounted for 82.3% of the total volume of transactions during the period under review.

On the other hand, the number of internet banking subscribers increased by 4.8% to 91,181 in June 2018. Both retail and corporate subscribers contributed to this increase as they rose by 5.0% and 3.4% to 79,242 and 11,939, respectively. This is also a good development as it shows that more customers are embracing modern ways of banking which may help reduce congestion in banking halls, among others.

Fig. 4: Internet vs Mobile Banking Subscribers



Point of Sale (POS) Transactions

The total number of POS terminals rose by 1.9% to 1,625 in June 2018 (Fig. 5). Similarly, both the volume and value of POS transactions registered increases of 0.8% and 8.7% to 78,295 and K3.7 billion, respectively. This outturn shows continued customer migration to electronic means of making payments for goods and services as a result of the efforts by the service providers to increase POS deployment in retail outlets and increased public sensitization for the banked clients.

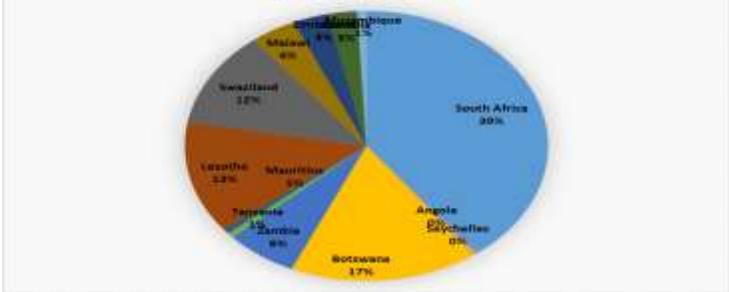
Fig.5: POS Deployment and Usage



SIRESS Transactions

The volume of transactions for the SADC Integrated Regional Electronic Settlement System (SIRESS) rose marginally by 1.4% to 1,190 in June 2018. However, the corresponding value of transactions declined by 16.2% to ZAR330.8 million during the same period. In terms of ranking based on usage, Malawi remained 6th out of 14 countries connected to the system with 4% of the total SIRESS transactions for June 2018 originated from Malawi. South Africa continued to lead with 39% of the total transactions, followed by Botswana and Lesotho with 16.8% and 13.4%, respectively (Fig. 6)

Fig. 6: Share of the Volume of SIRESS transactions (%)



UPDATE ON REGULATORY INITIATIVES

Development of Regulatory Instruments

During the month of June 2018, the RBM conducted stakeholder engagement to obtain input into the draft Regulation on mandatory deployment and usage of electronic payments by qualifying businesses and merchants. The Regulation is being developed to increase access points, adoption and usage of electronic payments services such as POS and mobile money which are also critical for achieving financial inclusion in the country.

Stakeholders consulted included commercial banks, mobile network operators, internet service providers, and trade and consumer bodies such as Malawi Confederation of Chambers of Commerce and Industry as well as Consumers Association of Malawi. Other stakeholders included Malawi Communication and Regulatory Authority, Malawi Revenue Authority, Competition and Fair Trading Commission and Ministry of Trade and Industry. The Regulation is expected to be gazetted towards end 2018 and is expected to increase access points across the country.

CONCLUSION

The country's core payment infrastructure remained operationally stable during the period under review and therefore facilitated smooth payment, clearing and settlement processes for interbank financial transactions in the country. However, distribution of financial access points by geography remains a challenge as the majority of them are spread in urban and semi-urban areas leaving the rural areas with fewer access points. RBM and the relevant stakeholders will therefore continue to engage service providers to deploy more access points especially in rural areas. To increase usage of the various electronic payment products and services, RBM and stakeholders will continue to create awareness through various promotional campaigns and other financial literacy programs.

The RBM will also continue to implement measures aimed at enhancing policy and regulatory environment conducive to both service providers and users.