

Q2

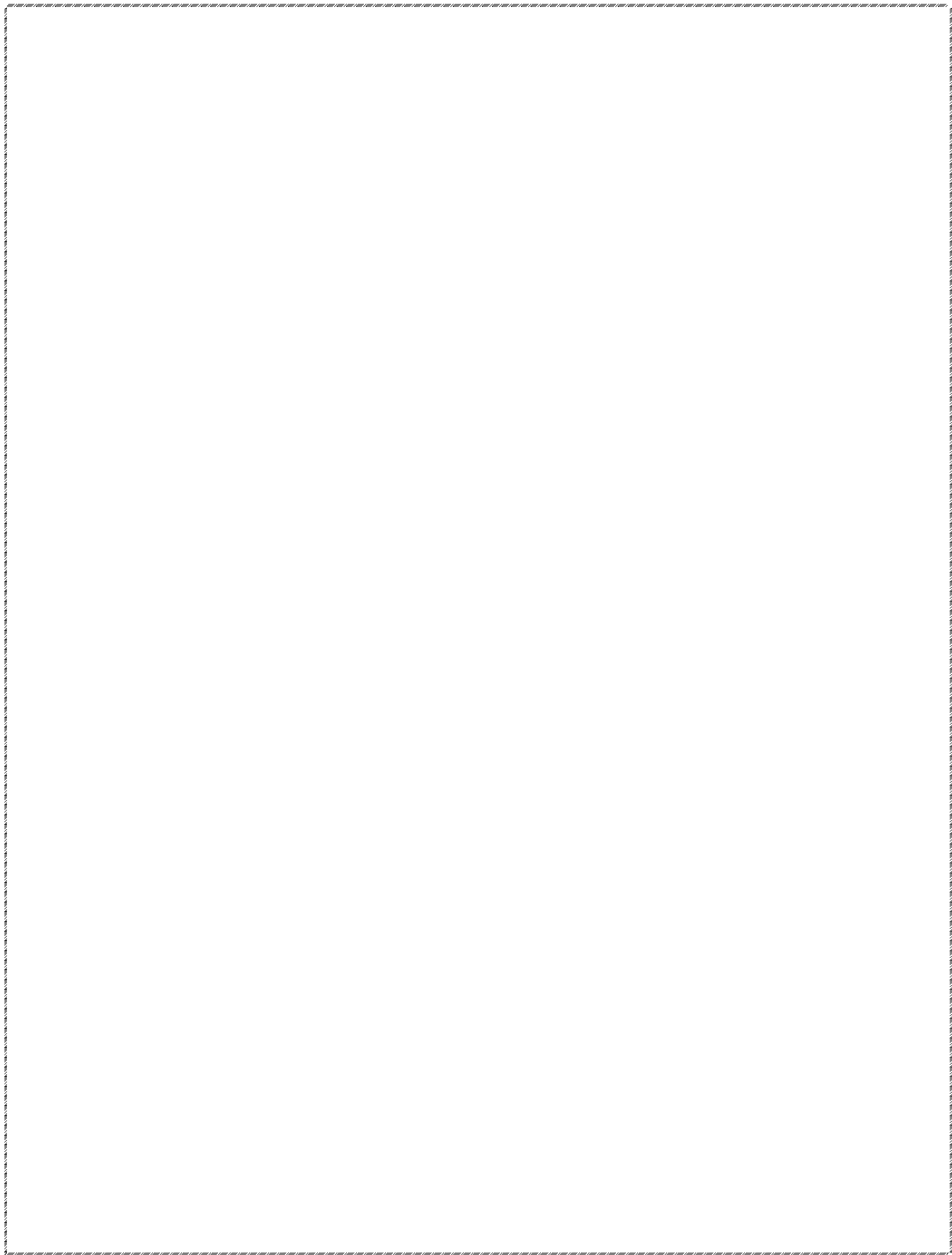


Quarterly Payment System Report

Q2, 2022

(April–June)

Department of Payment and Settlement Systems.



PREFACE

We are delighted to share the **quarter 2, 2022** report. The report highlights the outlook of digital payment channels – in terms of volume, value, usage, and users observed in the first quarter (April 2022 – June 2022). The report also shows the performance in comparison to the same quarter of the previous year (Q2, 2021).

For easy reference, the report has been categorized as –

- 1) Domestic payment transactions
- 2) Regional payment transactions and
- 3) International payment transactions.

We would like to thank all our contributors for submitting the report on time.

PAYMENT TRANSACTIONS AT A GLANCE

(Q2, 2022)

VOLUME & VALUE OF DOMESTIC PAYMENT TRANSACTIONS –2022 Q2 IN FOCUS



Mobile & Internet Banking

36.28 million transactions amounting to
Nu. **122.51** billion
Both volume and value ↑



QR Code Payments

18.88 million transactions amounting to
Nu. **17.56** billion
Both volume and value ↑



Wallets

1.38 million transactions amounting to
Nu. **446.90** million
Both volume and value ↑



Domestic Payment Gateway

667.77 thousand transactions amounting to
Nu. **365.77** million
Both volume and value ↑

VOLUME & VALUE OF DOMESTIC PAYMENT TRANSACTIONS –2022 Q2 IN FOCUS



Electronic Fund Transfer

71.43 thousand transactions amounting to
Nu. **23.09** billion
Both volume and value **↑**



Card - ATM & POS

0.55 million transactions amounting to
Nu. **2.52** billion
Both volume and value **↓**



Cheque

127.46 thousand transactions amounting to
Nu. **59.87** billion
Volume **↑**
Value **↓**

VOLUME & VALUE OF CROSS – BORDER PAYMENT TRANSACTIONS – 2022 Q2 IN FOCUS



Acquirer

No Transactions



Issuer

4.86 thousand
Transactions amounting to
INR 18.15 million
Both volume and value ↑



SWIFT

8,982 transactions

Volume ↑
Value ↓



International Payment
Gateway

659 Transactions amounting to

Nu. 3.44 million
Volume ↓
Value ↑

SUMMARY

The payment transactions in Table 1 reports the total transactions made through various digital payment channels operated by the RMA and the 6 banks at domestic, regional (India), and international level from April to June 2022. It also shows the comparison of these transactions with the same quarter of the previous year, Q2 2021.

Table 1: Payment Transaction Comparison – Q2 2021 and Q2 2022.

| Instrument | Q2, 2021 | | Q2,2022 | | % Change | |
|-------------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|------------------|
| | Volume (thousands) | Value (millions) | Volume (thousands) | Value (millions) | Volume (thousands) | Value (millions) |
| Paper-Cheques | 117.78 | 66,276.22 | 127.46 | 59,878.14 | 8.22% | -9.65% |
| Mobile & Internet Banking | 27,270.10 | 79,282.20 | 36,282.79 | 122,512.39 | 33.05% | 54.53% |
| QR Code Payments | 6,565.32 | 6,566.78 | 18,888.74 | 17,563.80 | 187.70% | 167.46% |
| Payment Gateway | 318.87 | 213.23 | 667.77 | 365.77 | 109.42% | 71.54% |
| Wallets | 422.19 | 173.75 | 1,380.84 | 446.90 | 227.07% | 157.21% |
| Electronic Fund Transfer | 42.89 | 20,869.89 | 71.43 | 23,097.18 | 66.55% | 10.67% |
| ATM | 1,080.27 | 4,034.40 | 557.95 | 2,527.47 | -48.35% | -37.35% |
| PoS | 0.60 | 2.10 | 0.28 | 2.82 | -53.69% | 34.07% |
| Domestic Payment | 35,818.01 | 177,418.58 | 57,977.26 | 226,394.48 | 61.87% | 27.60% |
| RuPay ATM & PoS Acquiring | 0.36 | 1.63 | - | - | -100.00% | -100.00% |
| RuPay ATM & PoS Issuing | 0.76 | 2.75 | 4.86 | 18.15 | 539.03% | 559.47% |
| Regional Payment | 1.12 | 4.38 | 4.86 | 18.15 | 333.42% | 314.44% |
| SWIFT -Inflow | 8.24 | 79.35 | 8.98 | 88.97 | 9.07% | 12.12% |
| SWIFT -Outflow | | 333.23 | | 134.00 | | -59.79% |
| International Payment Gateway (IPG) | 0.45 | 0.51 | 0.66 | 3.44 | 48.09% | 576.30% |
| International Payments | 8.68 | 413.09 | 9.64 | 226.41 | 11.07% | -45.19% |

As compared to the second quarter 2021:

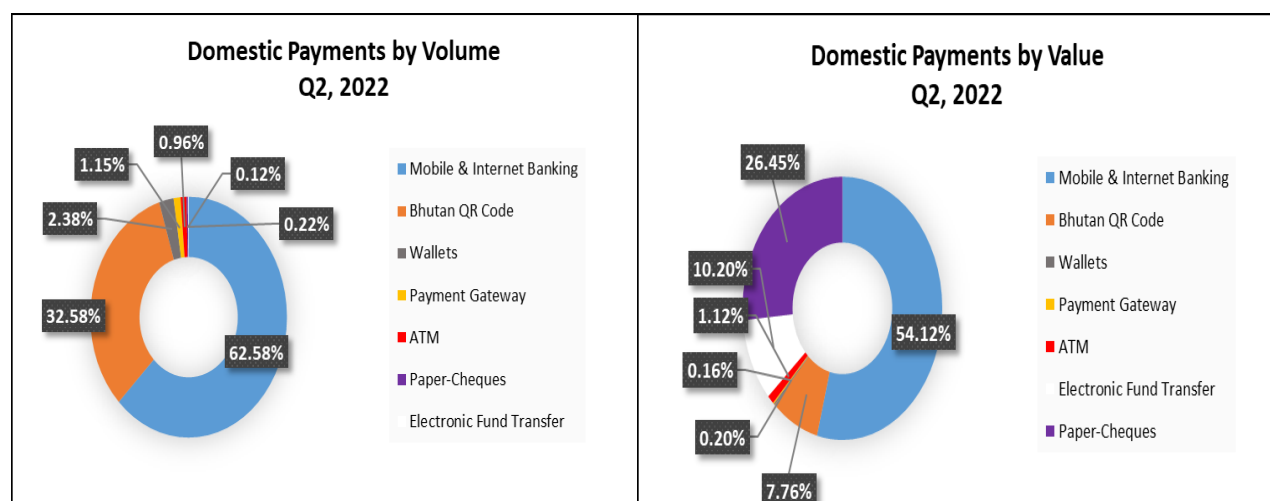
- Domestic payments saw an overall increase of 61.87% by volume and 27.60% by value.
- Regional payments saw an overall increase of 333.42% by volume and 314.44% by value. This increase is mainly because of the increase in RuPay issuing transactions. There was no RuPay acquiring transactions recorded in the second quarter 2022.
- International payments saw an overall increase of 11.07% by volume. However, a decrease of 45.19% by value. The SWIFT transactions are the transactions that are carried out at the bank level and doesn't include RMA's transactions.

DOMESTIC PAYMENTS

Domestic payments recorded a total of **57.97 million** transactions comprising of intra and interbank domestic transactions worth **Nu.226.39 billion** during the 2nd quarter, 2022. There is an increase of 61.87% by volume and 27.60% by value as compared to the second quarter, 2021. The increase in volume of the domestic payments in the second quarter 2022, is mainly contributed by an increase in the transactions of wallets, QR code payments and payment gateway transactions.

Similarly, the increase in value is mainly due to the increase in the transactions of QR Code payments and wallets by 167.46% amounting to Nu. 10.99 billion and 157.21% amounting to Nu. 273.15 million respectively.

Pie chart 1: Domestic Payment Transaction – Q2, 2022.



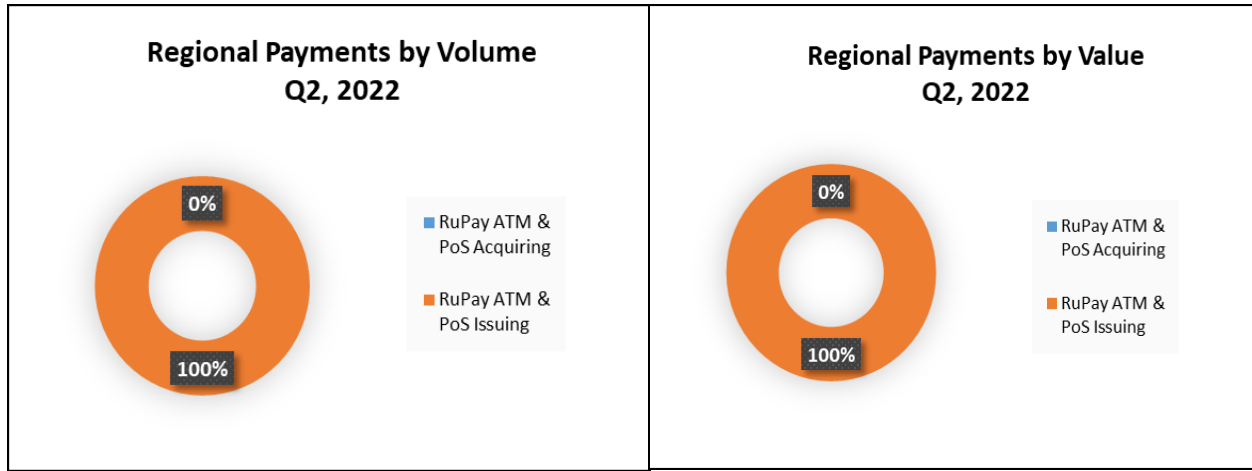
In the Q2 2022, mobile and internet banking dominated the domestic payment space followed by QR code payment in terms of volume and in terms of value, it is followed by paper cheques and electronic fund transfer.

Although mobile banking and QR code payments are one channel, it is segregated because it is independently integrated with separate settlement accounts. As shown in the chart above, the share percentage of QR payments is increasing higher than the other channels including mobile banking.

REGIONAL PAYMENTS

Regional payments include RuPay card transactions through the ATM and PoS terminal in India and Bhutan. During the 2nd quarter 2022, a total of **4,863** regional payments amounting to **Nu. 18.15 million** were transacted. However, there were **no acquiring transactions** recorded.

Pie chart 2: Regional Payment Transaction – Q2, 2022.

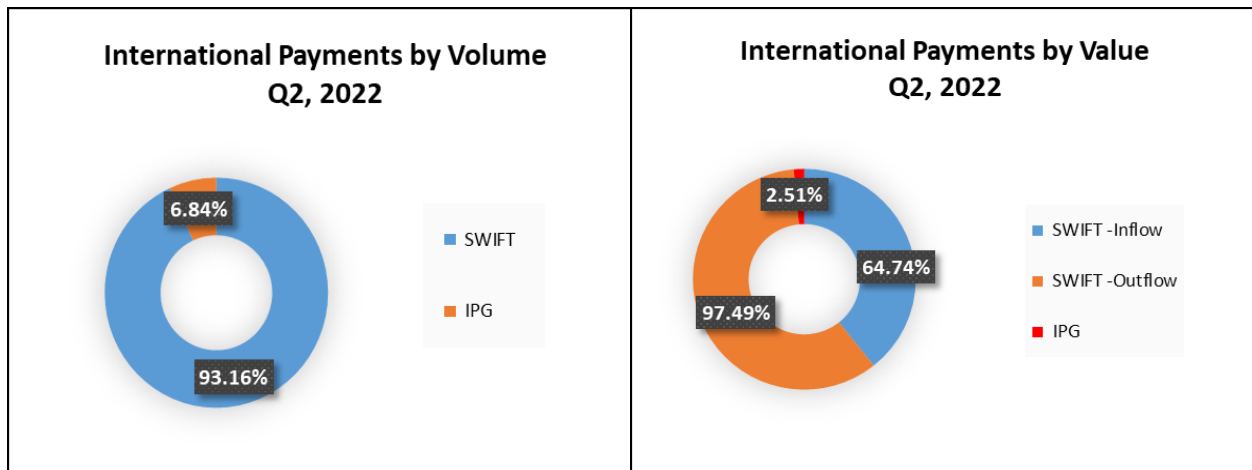


INTERNATIONAL PAYMENTS

International payments contain the SWIFT and International Payment Gateway (IPG) transactions made from the banks. During the 2nd quarter 2022, international payments recorded **9,641** transactions of value **226.41 million**. There is an increase of 11.07% by volume and a decrease of 45.19% by value as compared to the same quarter previous year.

The IPG recorded **659** transactions while the SWIFT recorded a total of **8,982** transactions.

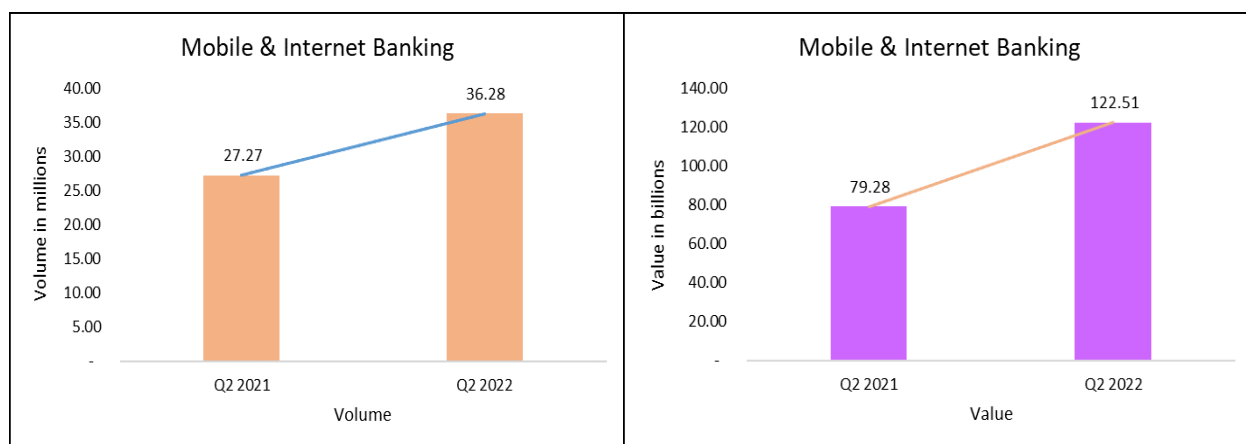
Pie chart 3: International Payment Transaction – Q2, 2022.



DOMESTIC PAYMENT TRANSACTIONS (Q2, 2022)

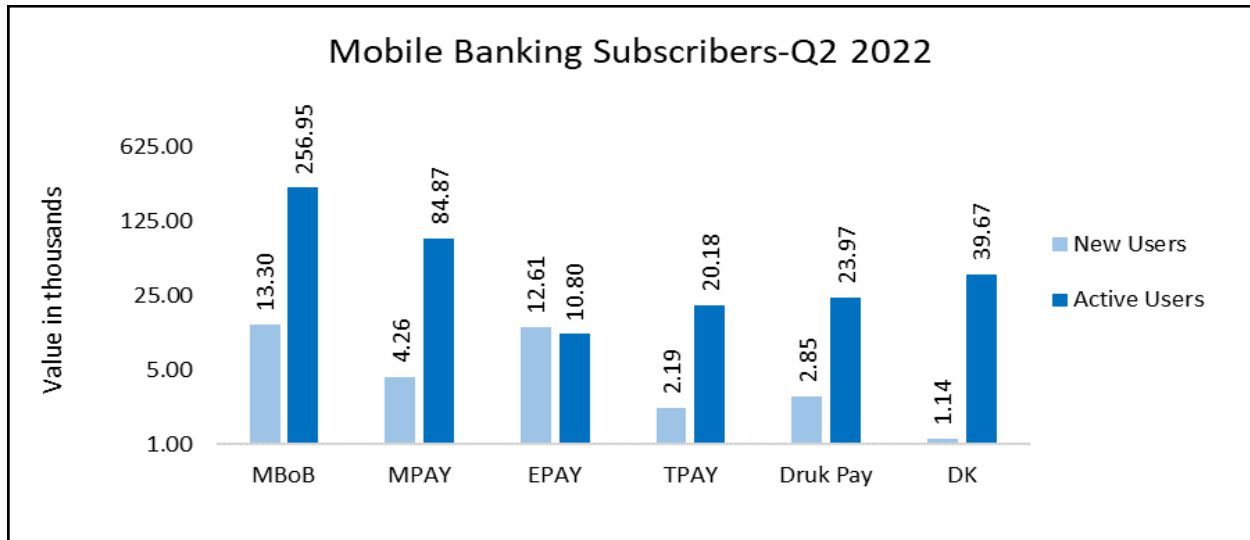
a) Mobile and Internet Banking

Graph 1: Mobile and Internet Banking Transaction (Volume & Value -Q2, 2021 and Q2, 2022)



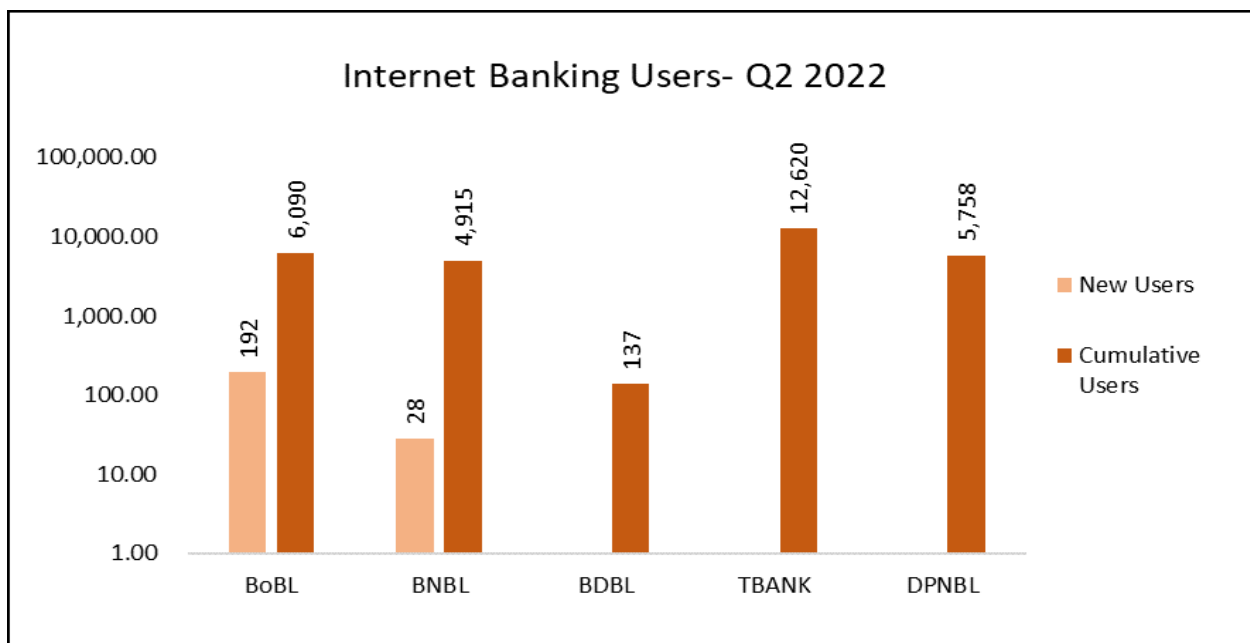
During the 2nd quarter 2022, **36.28 million** transactions worth **Nu. 122.51 billion** were processed through the banks mobile banking app and the internet banking. When compared to the same quarter of the previous year, there is an increase of 33.05% and 54.53% by volume and value respectively. The average value of per transaction has increased from **Nu.2,907** per transaction in 2nd quarter 2021 to **Nu.3,376** per transaction in same quarter 2022.

Graph 2: Mobile Banking Subscribers -Q2,2022



From April to June 2022, **36.35 thousand** new users subscribed to use the mobile banking apps making the active number of mobile banking subscribers to **436,440** as of reporting date. The detailed bank wise subscription during the 2nd quarter, 2022 are shown above in the graph.

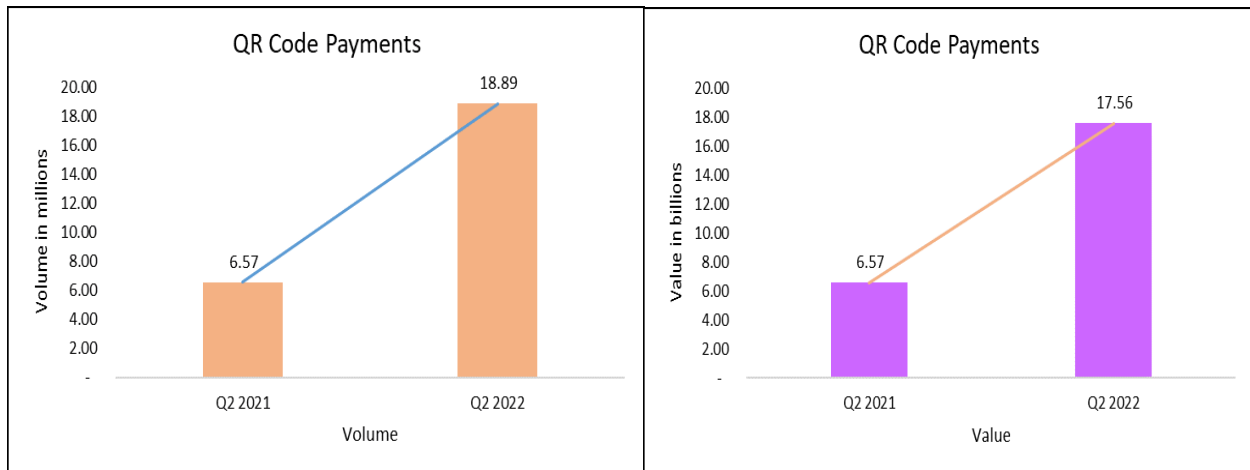
Graph 3: Internet Banking Subscribers -Q2,2022



For internet banking, **220** new users have subscribed during the second quarter taking the total internet banking users to **29,520** as of second quarter 2022.

b) Mobile Banking – QR Code Payments

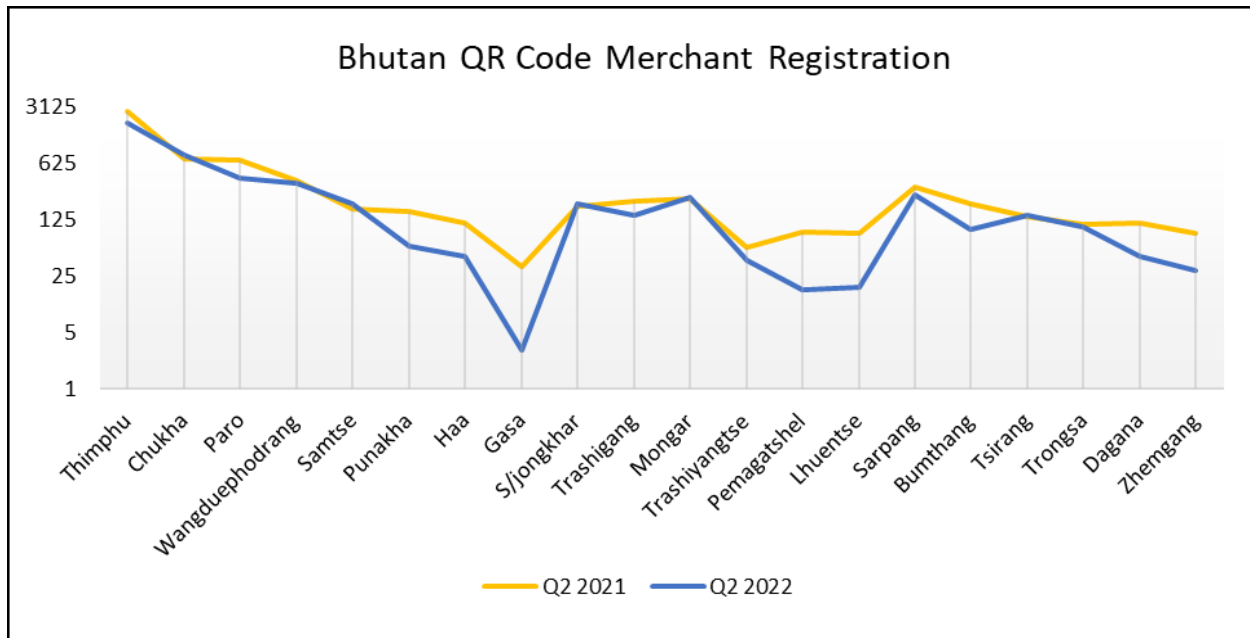
Graph 4: QR Code Payments (Volume & Value -Q2, 2021 and Q2,2022)



QR code payments saw a total of **18.89 million** transactions of value **17.56 billion** during the 2nd quarter 2022, equivalent to 52.06% of the mobile banking transactions in terms of volume and 14.34% in terms of value. The transactions have increased by 187.70% by volume and 167.46% by value when compared to the same quarter last year.

The increase is because of the launch of Bhutan QR by the RMA in July 2021 which enables interoperable use of common codes issued by member banks. Since then, QR scan code has been gaining popularity in shops, restaurants, cafes and even in the taxis as they are contactless, touchless, and easy to use. Bhutan QR code has further helped during this pandemic as it limits in person transactions making it less likely for the virus to spread to others through cash exchanges.

Graph 5: QR Code Merchant registration (Dzongkhag wise) -Q2, 2021 & Q2, 2022



During the 2nd quarter 2022, the banks have onboarded **5,153** new QR code merchants taking the total QR issued till now to **47,623** which is an increase of **12.13%** compared to the total merchant registration as of 1st quarter 2022. However, if we compare to same quarter of the previous year, there is a decrease of 32.19% in the Bhutan QR code merchant registration.

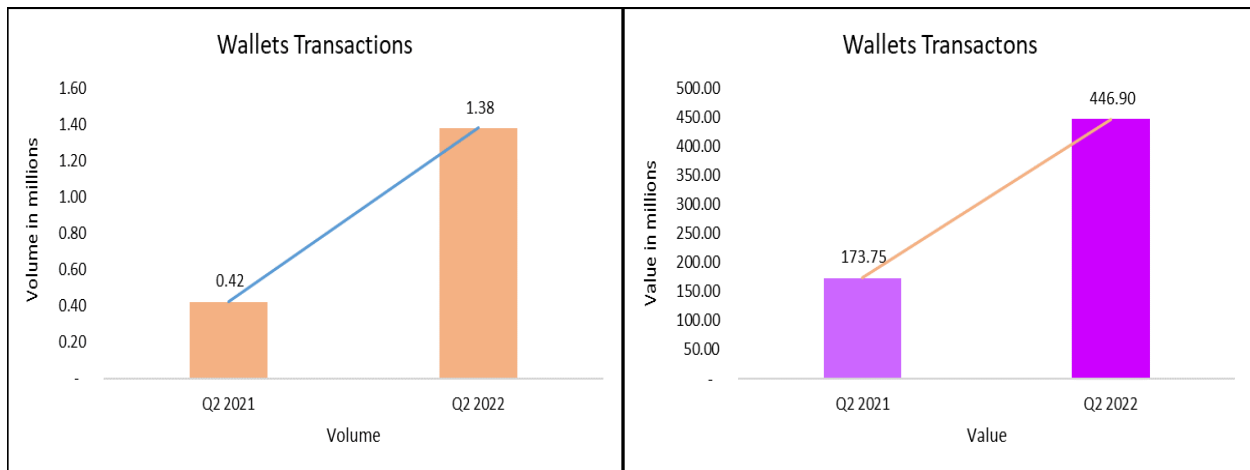
The drastic decrease was seen in Gasa Dzongkhag with 90.91% drop. They have registered 33 QR Code merchants in second quarter 2021 but it has reduced to 3 in same quarter 2022. This is followed by Pemagatshel Dzongkhag and Lhuentse Dzongkhag with 80.46% and 78.57% drop respectively. The decrease could be because of the availability of self-generating features on the mobile banking apps which allows individuals and merchants to generate their own QR code for receiving payments.

The highest issuance is still in Thimphu Dzongkhag with 1,975 new registrations as shown above in the graph 5, owing to the maximum merchant base.

c) Wallets

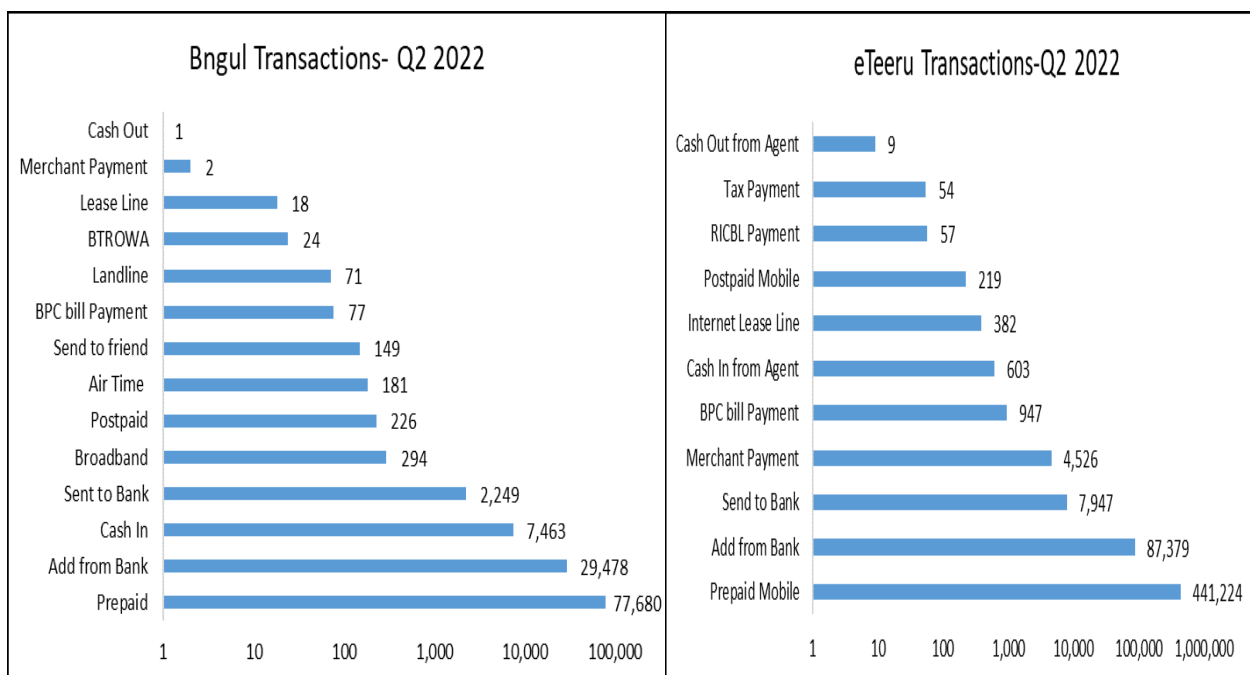
As of second quarter, 2022 Bhutan Telecom has onboarded **10** Bngul merchants with **84,270** users, Tashi Cell has onboarded **58,249** merchants for eTeeru with **82,848** users and BOBL has registered **130,422** goBoB users.

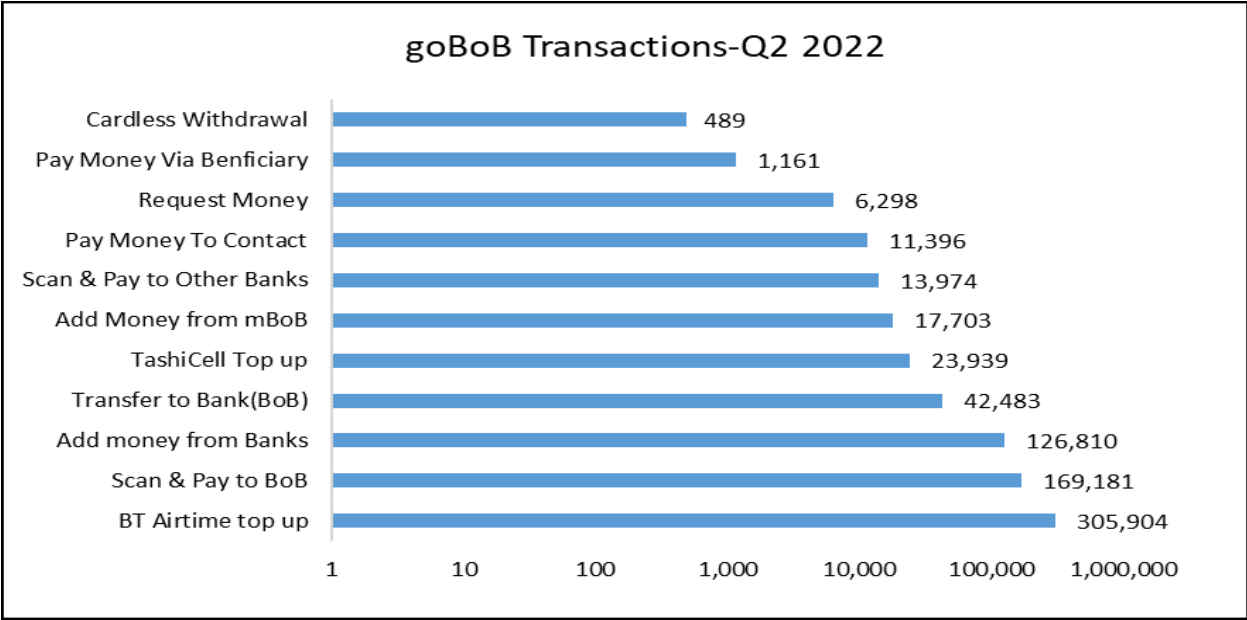
Graph 6: Wallets Transaction (Volume & Value -Q2 2021 and Q2 2022)



A total of **1.38 million** transactions worth **Nu. 446.90** million were transacted through the wallets during the 2nd quarter 2022. Wallet transactions have significantly increased by 227.07% and 157.21% by volume and value respectively as compared to the same quarter previous year. This could be due to addition of goBoB as one of the wallet service providers.

Graph 7: Wallets Transaction (Volume) – Q2 2022



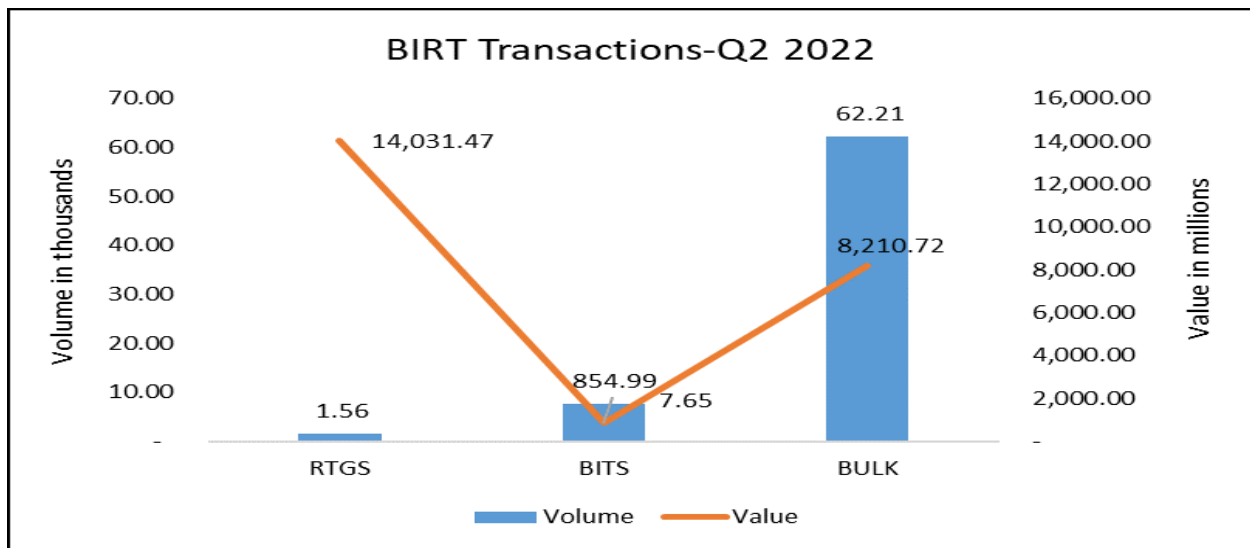


Although majority of wallet transactions are observed to be done for availing telco services like recharges, unlike the wallets provided by telcos, goBoB’s transaction pattern indicate increased usage for fund transfer and merchant payments. The easy interoperability with other wallet account, mobile numbers of both telcos, and most importantly bank accounts provided by BoBL maybe the factor for such diverse usage.

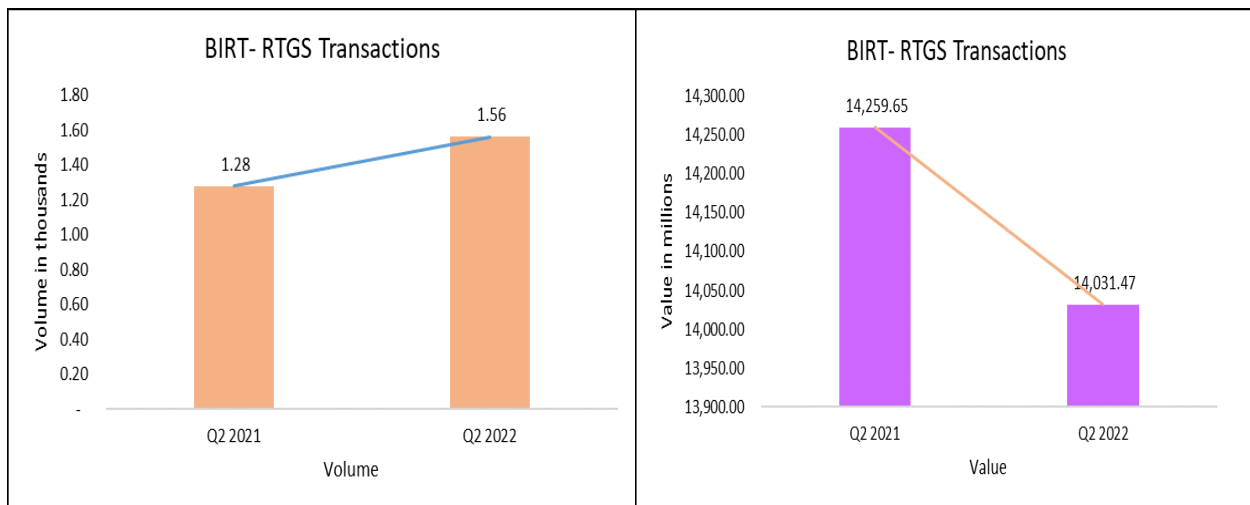
d) Electronic Fund Transfer – BIRT Fund Transfer System

During the 2nd quarter 2022, **71,427** transactions amounting to **Nu. 23.09 billion** were transacted through BIRT Fund Transfer System. The total BIRT transactions in the 2nd quarter 2022 have increased by 66.55% by volume and 10.67% by value as compared to the same quarter previous year. The maximum transactions were received in the BULK settlement in terms of volume and RTGS in terms of value as shown below.

Graph 8: BIRT Transaction (Volume & Value -Q2 2022)

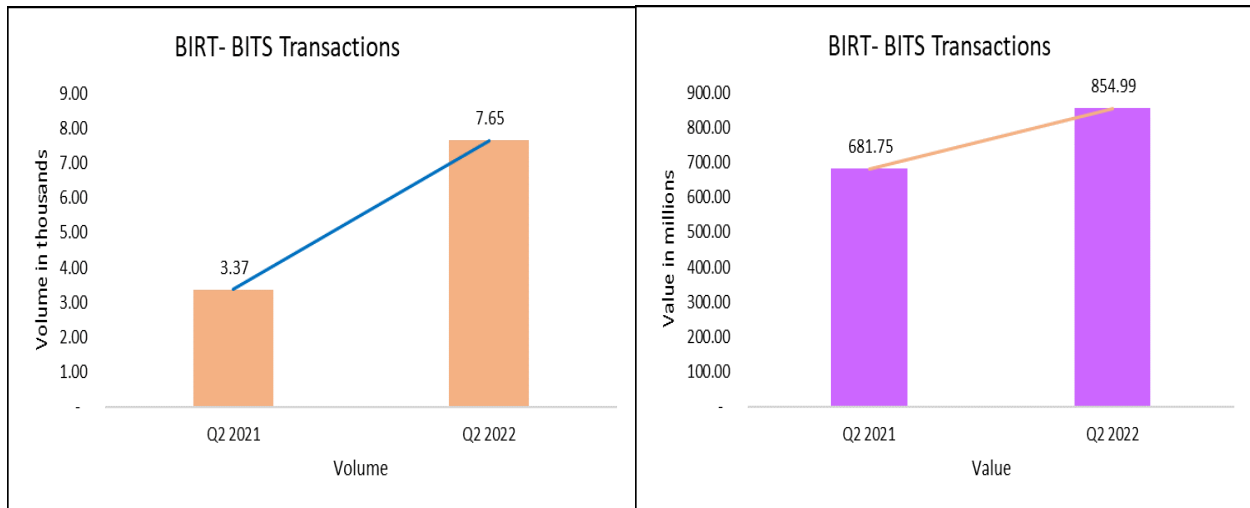


Graph 9: BIRT-RTGS Transaction (Volume & Value -Q2 2021 and Q2 2022)



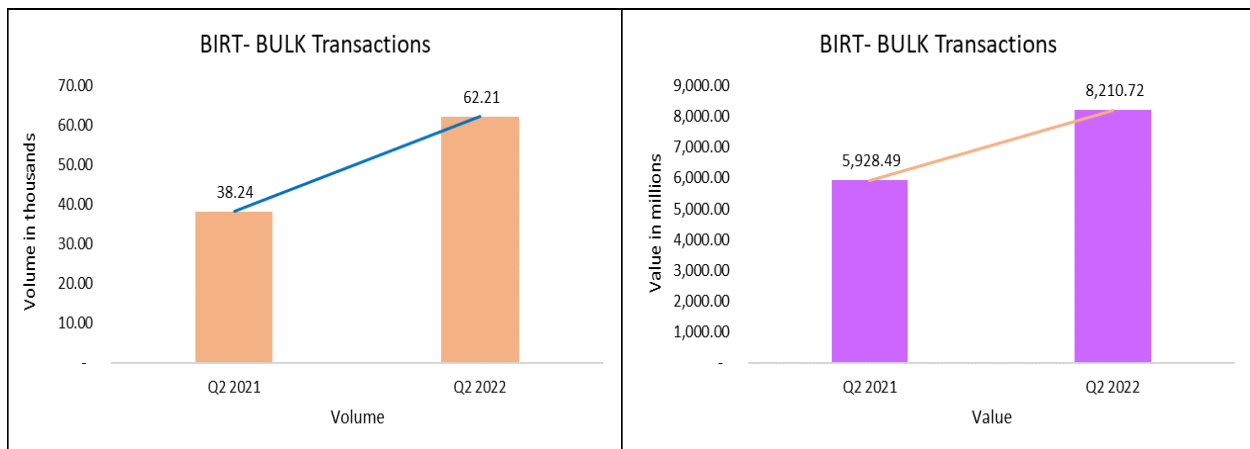
BIRT RTGS allows real time fund transfer above Nu. 1m. During the 2nd quarter 2022, **1,562** transactions worth **Nu.14.03 billion** were transacted which is an increase in the volume by 22.22% but decrease by 1.60% by value as compared to the same quarter previous year.

Graph 10: BIRT-BITS Transaction (Volume & Value -Q2 2021 and Q2 2022)



BIRT BITS permits the users to transfer funds below Nu. 1m in the batch settlement (10 transactions in a batch) in every 30 minutes. There was **7,651** transaction worth **Nu. 854.99 million** transacted in the 2nd quarter 2022. There is an increase of 127.23% by volume and 25.41% by value as compared to the same quarter previous year.

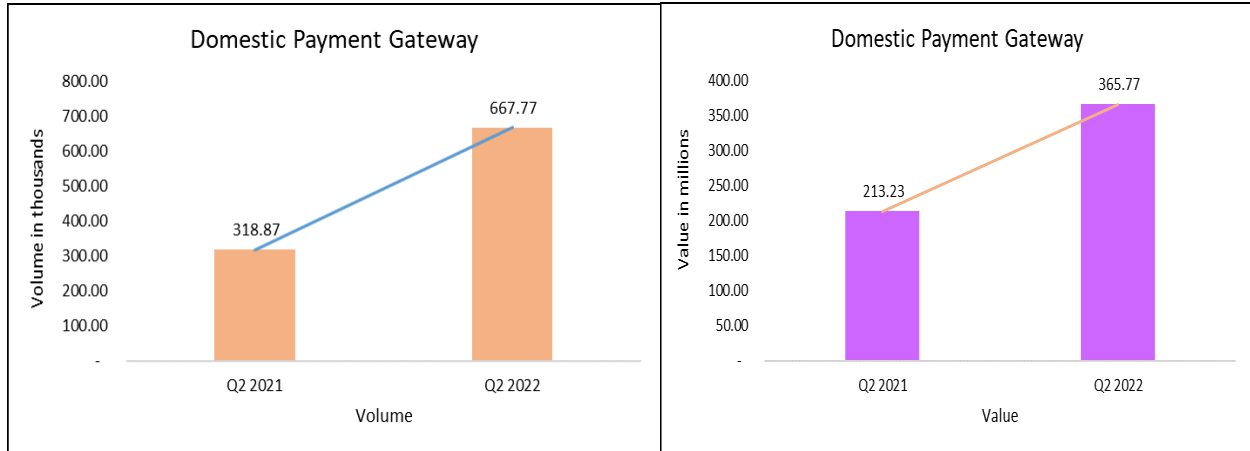
Graph 11: BIRT-BULK Transaction (Volume & Value -Q2 2021 and Q2 2022)



Likewise, **BIRT BULK** allows single debit and multiple credits for the users. In 2nd quarter 2022, there was **62,214** BULK transactions amounting to **Nu. 8.21 billion**. It is an increase in terms of volume by 62.69% and 38.50% by value as compared to the same quarter previous year.

e) Domestic Payment Gateway

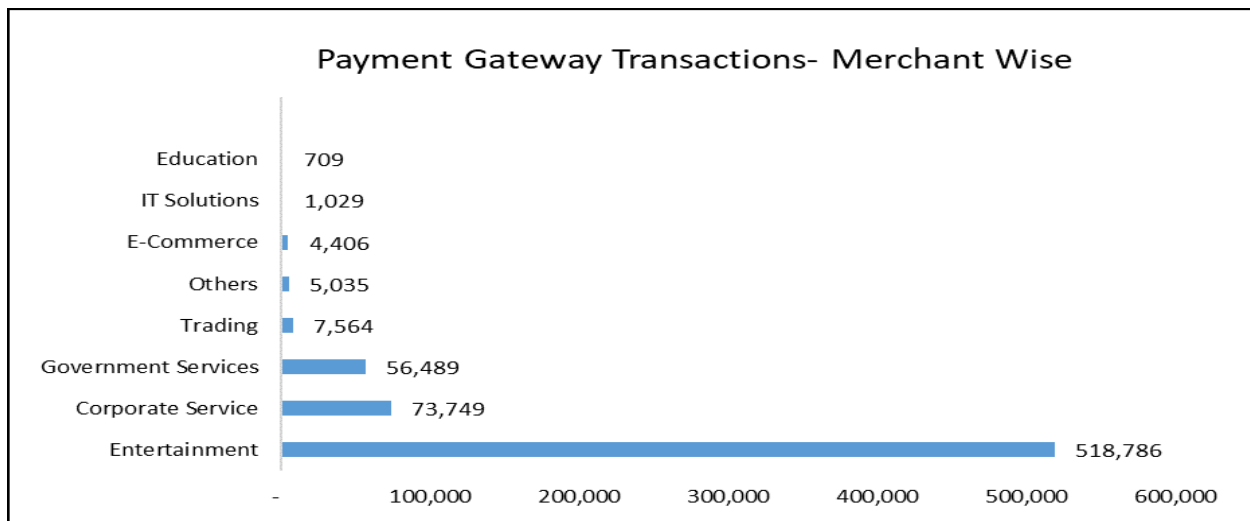
Graph 12: Payment Gateway Transaction (Volume & Value -Q2 2021 and Q2 2022)



Domestic Payment gateway is a merchant service provided by RMA for the direct payment processing for e-commerce, government services and e-corporate utilities. During this quarter, **667,767** transactions amounting to **Nu.365.77** million were transacted. In comparison to the same quarter previous year, there is an increase both in terms of volume and value by 109.42% and 71.54% respectively.

The highest domestic PG transactions in the second quarter of 2022 was recorded in the entertainment category followed by e-corporate utilities services category and government services -G2C Payment aggregator.

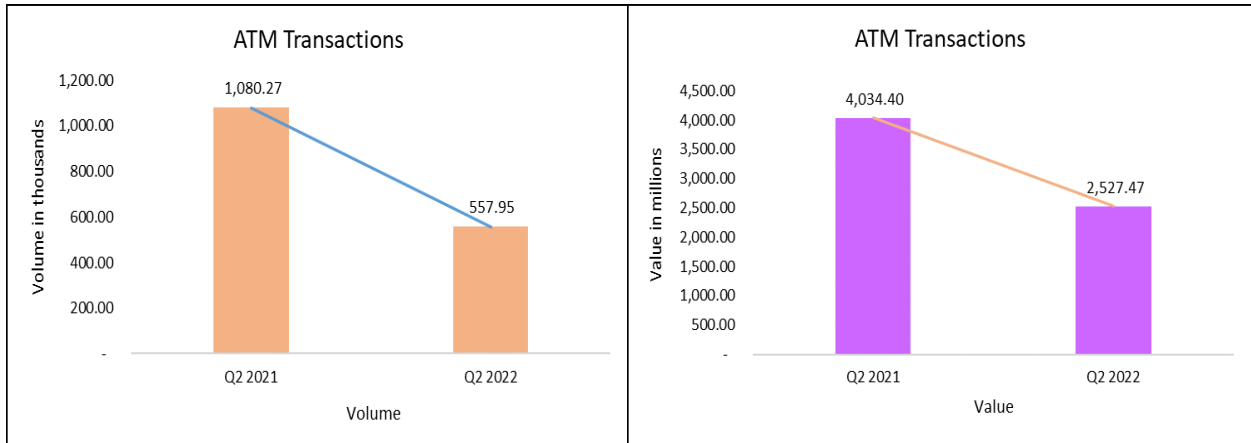
Graph 13: Domestic PG Transactions- Merchants Wise -Q2 2022



There are a total of **78** registered merchants in the domestic PG portal as of June 2022, out of which 59 merchants are active while the services blocked for 18 merchants and 1 seasonal blocked.

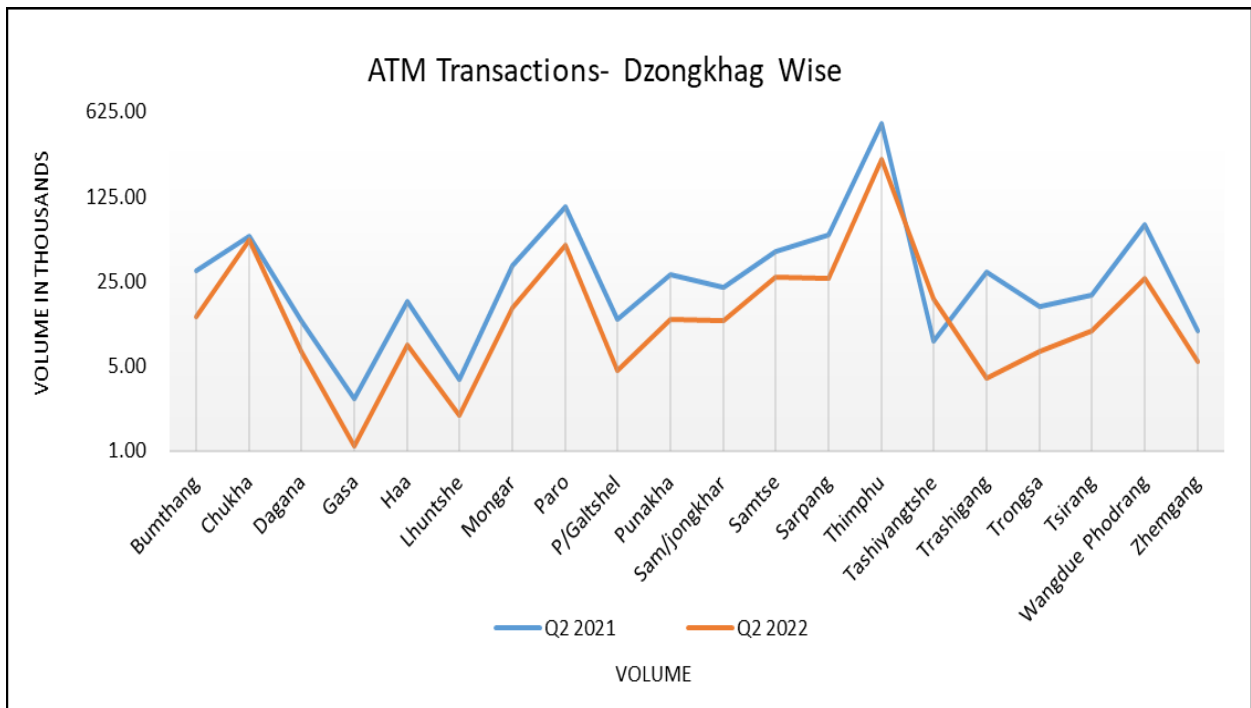
f) Cards – ATM

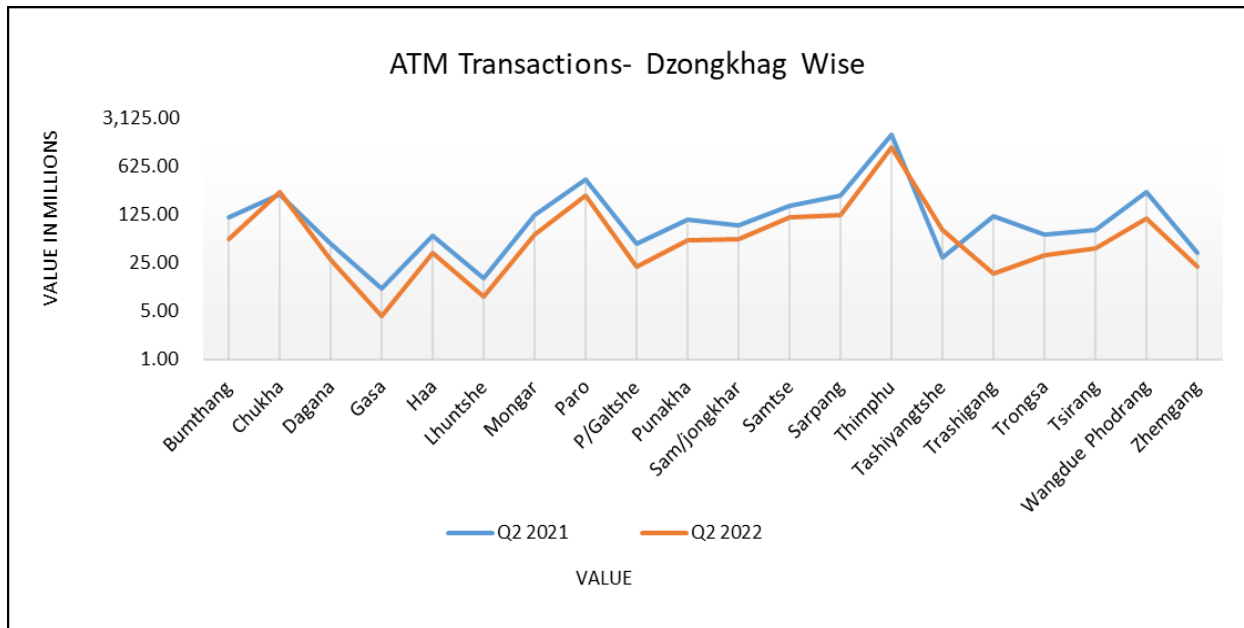
Graph 14: ATM Transaction (Volume & Value -Q2 2021 and Q2 2022)



The cards payments refer to cash withdrawal/transactions from ATM terminals in the country using domestic ATM cards. In 2nd quarter 2022, a total of **0.55 million** transactions worth **Nu.2.52 billion** were transacted. Unlike other payment instrument, we are observing decreasing trend for card payments every quarter. In terms of volume, there is a decrease by 48.35% and in terms of value, there is a decrease by 37.35% as compared to the same quarter previous year.

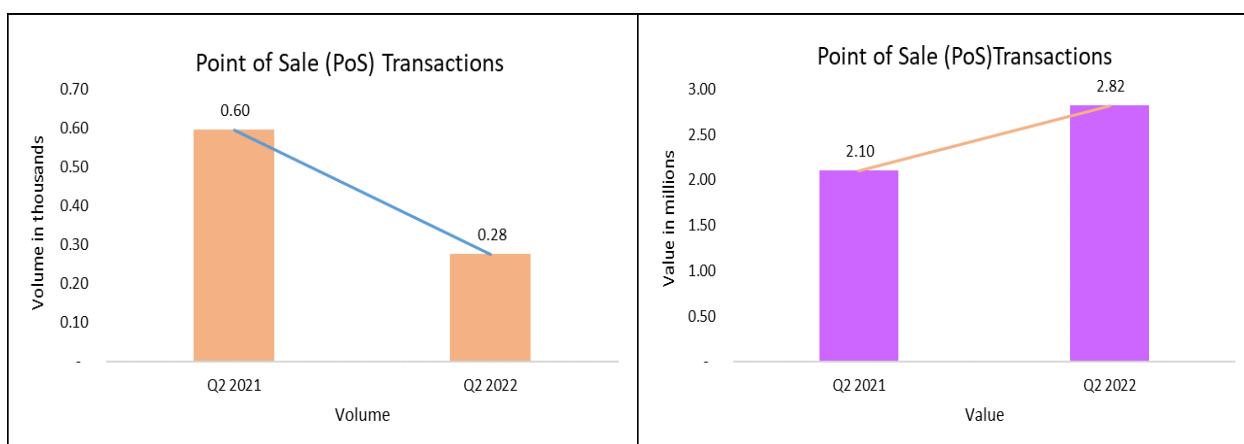
Graph 15: ATM Transaction Dzongkhag Wise (Volume & Value -Q2 2021 and Q2 2022)





In the 2nd quarter 2022, there is a drastic decline in ATM transactions in all the Dzongkhags except Tashiyangtshhe Dzongkhag as compared to the same quarter previous year. The maximum decrease was seen in Trashigang Dzongkhag with 86.51% followed by Wangdue Phodrang and Pemagaltshel Dzongkhag with 64.18% and 61.77% respectively in terms of volume and in terms of value, maximum decrease was seen in Trashigang Dzongkhag with 86.51% followed by Gasa and Wangdue Phodrang Dzongkhag with with 59.55% and 58.70% respectively.

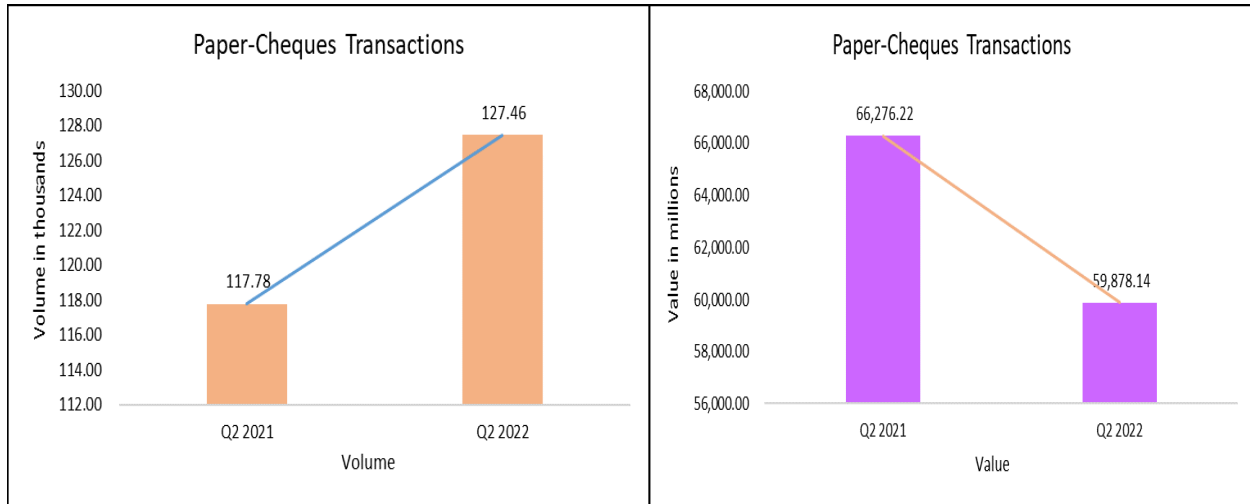
Graph 16: PoS Transaction (Volume & Value -Q2 2021 and Q2 2022)



The domestic PoS transactions have recorded only **276** transactions of value **Nu.2.82 million** during the second quarter of 2022. It is a decreased by 53.69% in terms of volume but an increase in value by 34.07% as compared to the same quarter previous year.

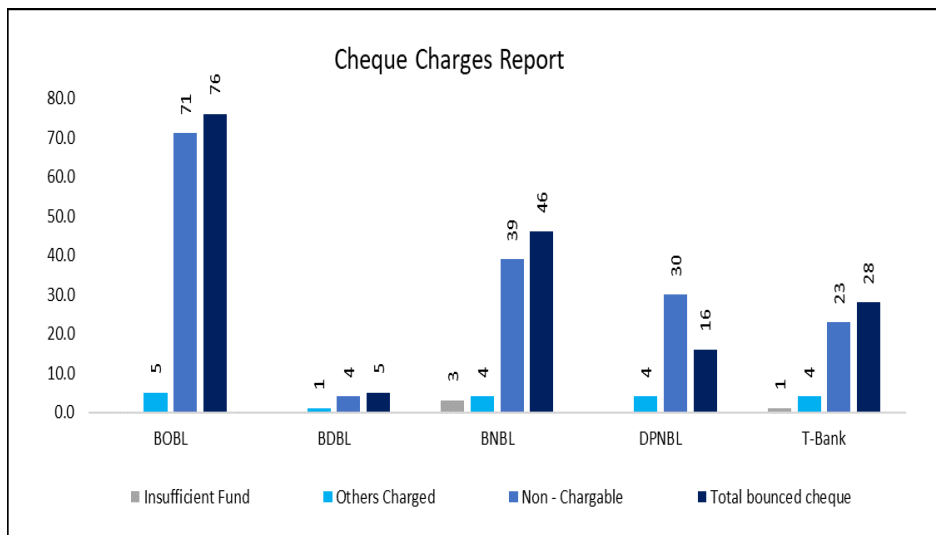
g) Paper Cheque

Graph 17: Paper Cheque Transaction (Volume & Value -Q2 2021 and Q2 2022)



Cheque payments are still observed to be used for making large value payments in the country. A total of **127,462** cheques worth **Nu. 59.87 billion** was recorded in the 2nd quarter 2022. There was an increase of 8.22% by volume but a decrease of 9.65% by value as compared to the same quarter previous year.

Graph 18: Bounced cheque report -Q2 2022



During the 2nd quarter a total of **171** cheques were bounced out of which, 4 cheque was charged to the customer for their insufficient balance and 18 cheques were charged to the banks for their failure to do the due diligence.

The maximum number of cheques were returned because of invalid account number, cheque belonging to different account, endorsement missing, drawers sign different, etc. RMA has instituted to charge Nu.300 plus 10% of the cheque value for the insufficient balance to stop cheque returned due to insufficient balance and associated illicit activities around it and Nu.100 to the banks for failure to do their due diligence.

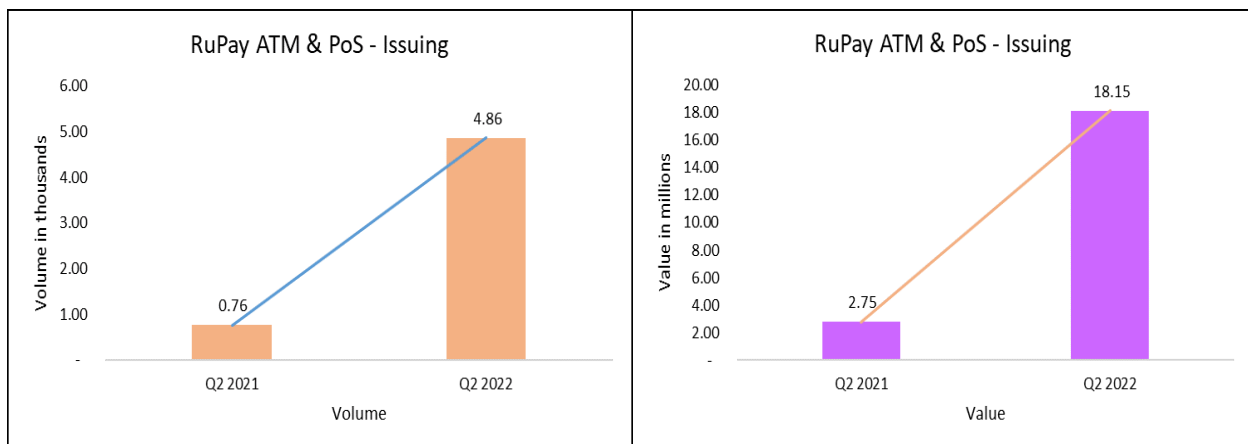
REGIONAL PAYMENT TRANSACTIONS (Q2,2022)

a) RuPay Acquiring

RuPay Acquiring allows Indian nationals to withdraw cash and make payment through all the ATM and PoS terminal in Bhutan. During 2nd quarter 2022, **NO** transactions have been recorded. This service has been suspended after the notification issued by NPCI requiring all member bank's card infrastructure to be EMV compliant. The DIT is closely working with our commercial banks.

b) RuPay Issuing

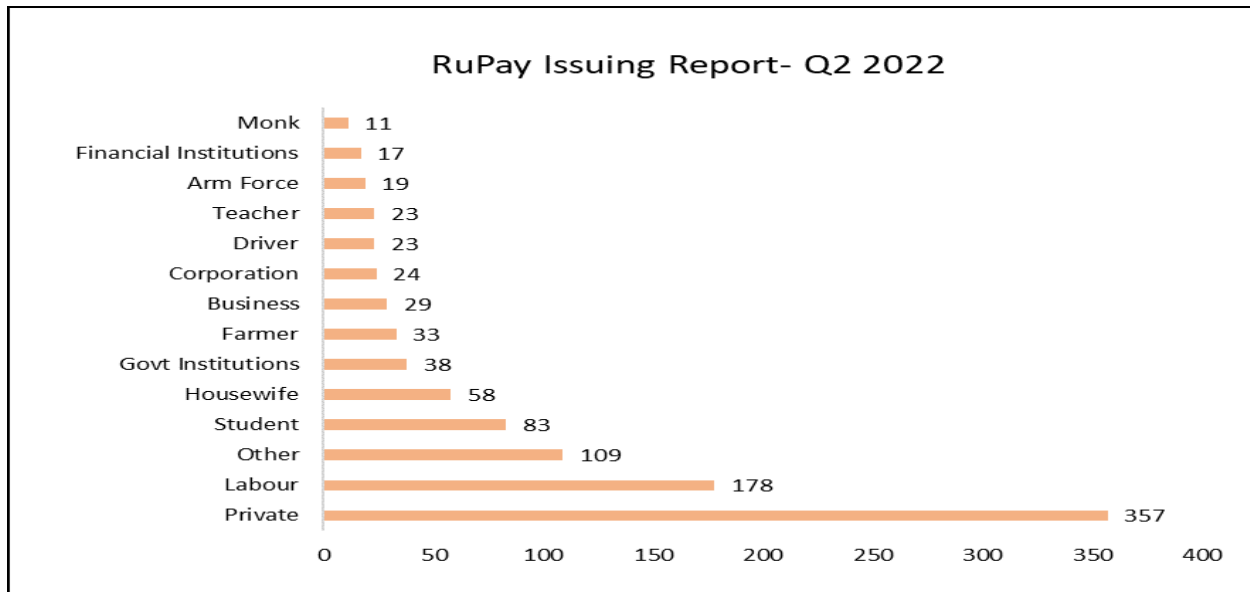
Graph 19: RuPay Issuing Transaction (Volume & Value -Q2 2021 and Q2 2022)



RuPay Issuing launched in November 2020, allows Bhutanese nationals to withdraw cash and make payment through all the ATM and PoS terminal in India. Currently Bhutan National Bank Ltd. is the only issuing bank in Bhutan.

During the 2nd quarter 2022, **4,863** transactions worth **Rs. 18.15 million** were recorded. There was a drastic increase of 539.02% by volume and 559.47% by value as compared to the same quarter of the previous year.

Graph 20: RuPay Card Issuance (BNBL) -Q2,2022

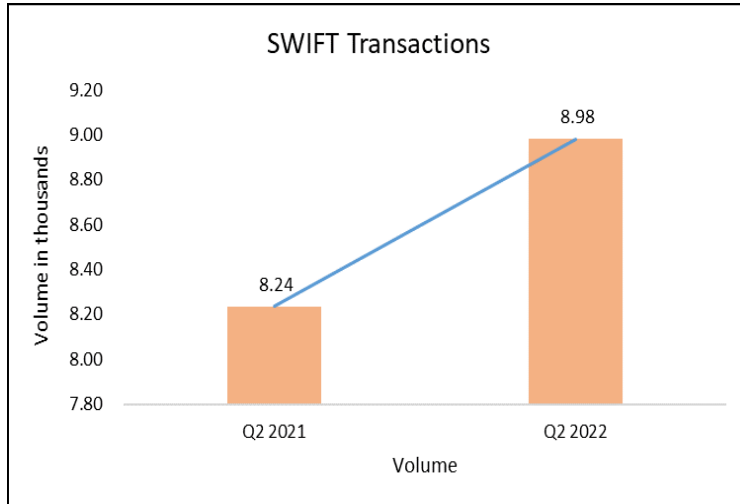


As of June 2022, a total of **1,230** cards were issued of which **1,002** cards were issued during the second quarter. The highest issuance was to the private employees with 357 cards followed by labors with 178 cards. The minimum card issuance was to monks with 11 cards.

INTERNATIONAL PAYMENT TRANSACTIONS (Q2,2022)

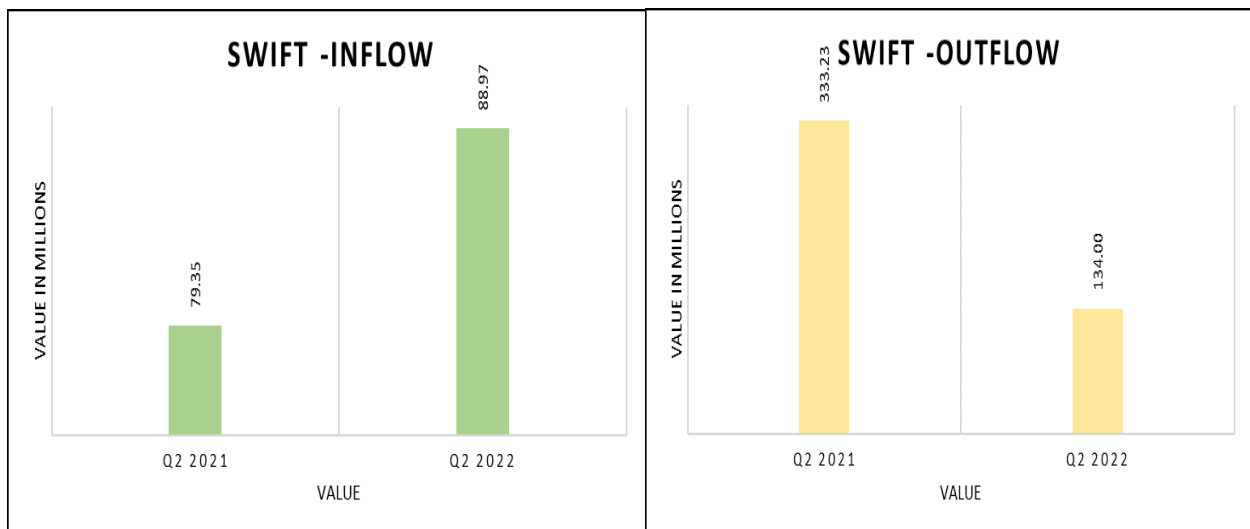
a) SWIFT Transactions through the banks

Graph 21: Member Bank SWIFT Transaction (Volume & Value -Q2 2021 and Q2 2022)



In this quarter, the SWIFT transactions have recorded **8,982** transactions which is increase of 9.07% by volume as compared to the same quarter of the previous year. The highest transacted currency is US Dollar with **7,120** transactions followed by Australian Dollar with **679** transactions and EURO with **623** transactions.

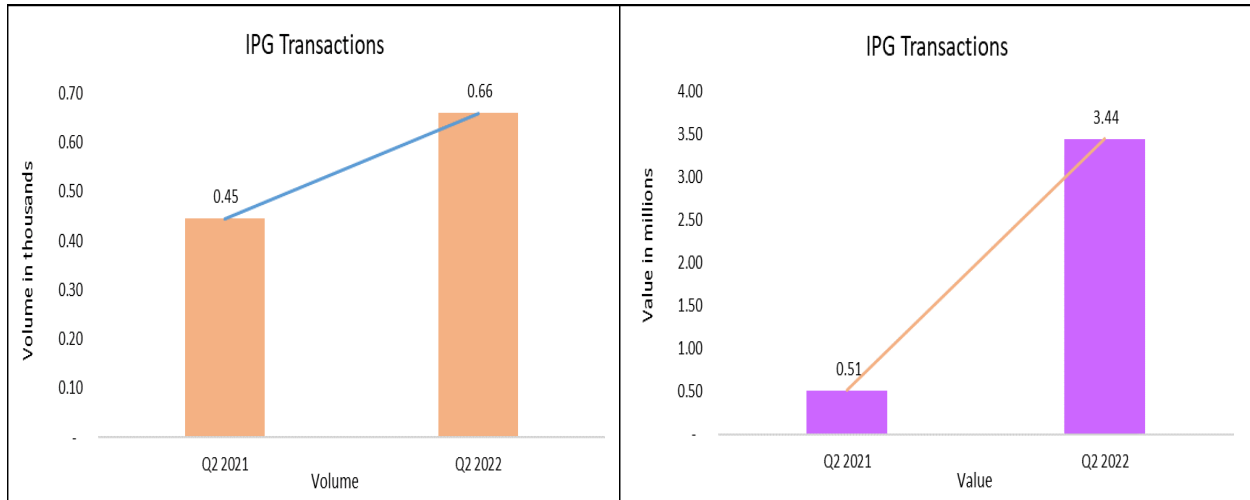
During the second quarter 2022, SWIFT inflow has increase by 12.12%. However, SWIFT outflow has decreased by 59.79% as compared to same quarter previous year.



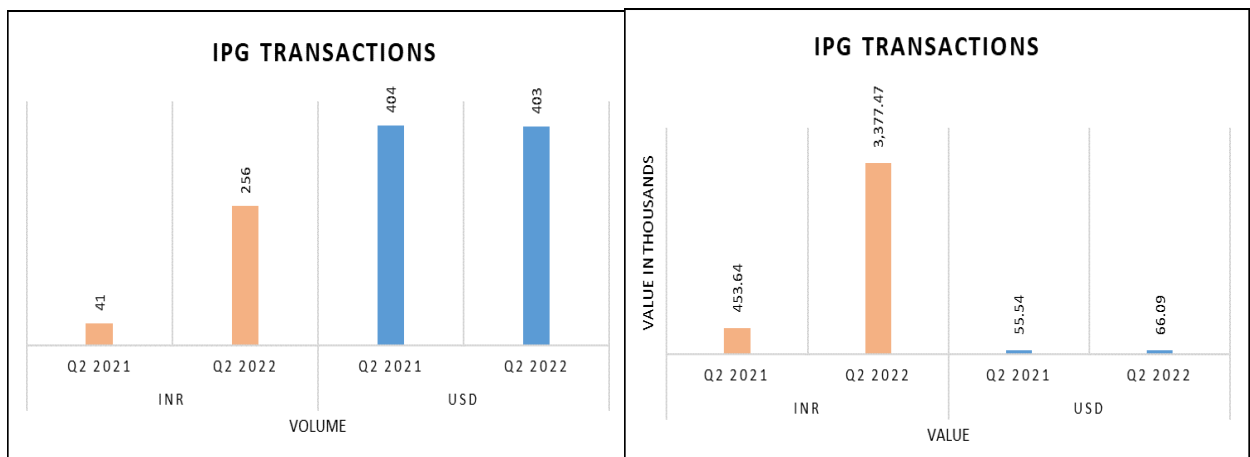
b) International Payment Gateway (IPG)

The International Payment Gateway (IPG) is a platform to acquire card payment made in USD and INR. There was a total of **659** transactions of value **\$66,089.57** and **INR 3.37** million transacted in the second quarter 2022.

Graph 22: IPG Transaction (Volume & Value -Q2 2021 and Q2 2022)



During the second quarter 2022, **24** merchants have registered in the International Payment Gateway Platform in BoBL and **210** merchants have registered in the International Payment Gateway Platform in BNBL. IPG transactions saw an increase of 48.09% by volume and an increase of 576.30% by value as compared to the same quarter of the previous year.



In terms of INR, both the volume and value has increased by 524.39 % and 644.53 % respectively as compared to the same quarter previous year.

In terms of USD, the volume has decreased slightly by 0.25% but the value has increased by 18.99%.
