

Q2

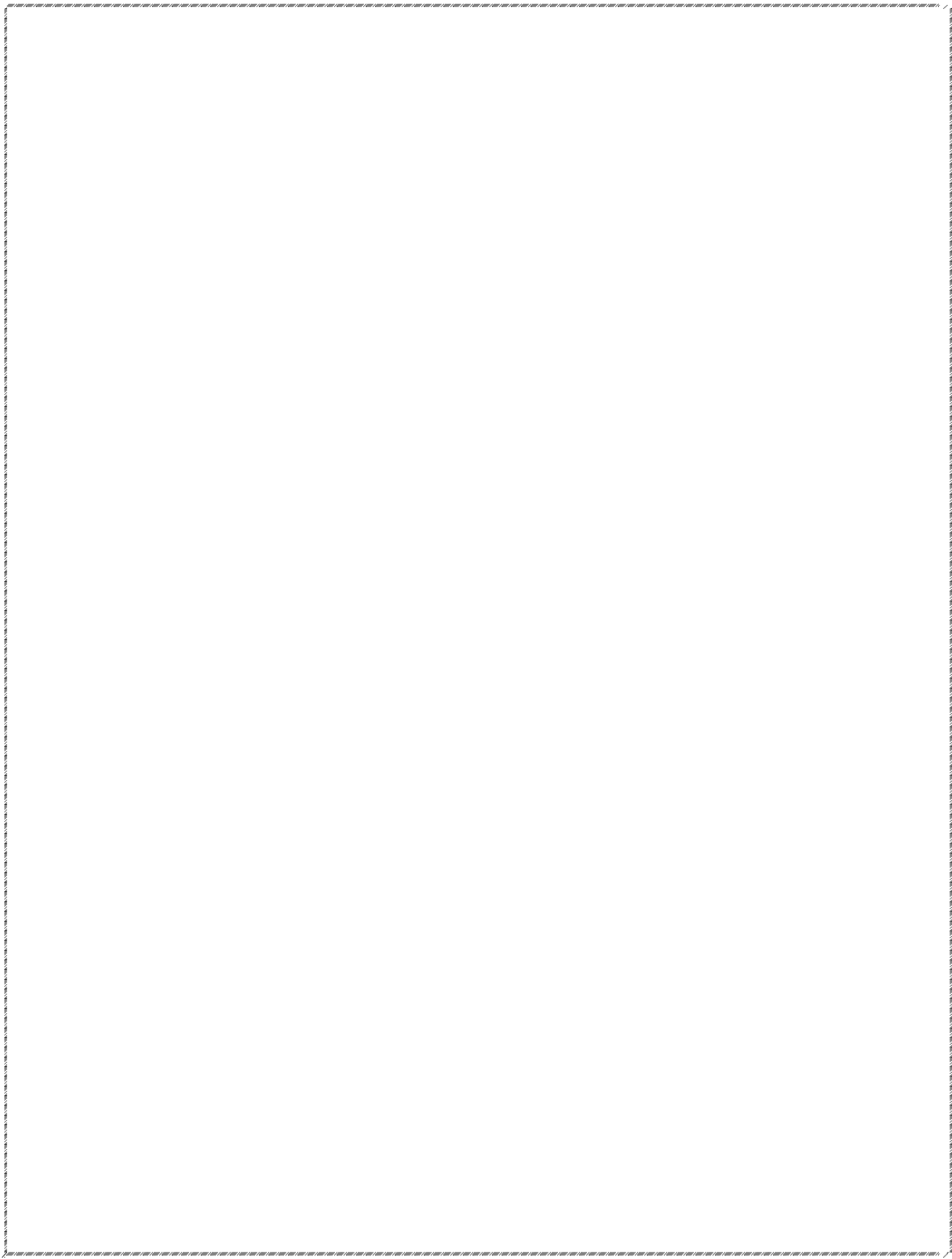


# Quarterly Payment System Report

## Q2, 2023

### (April - June)

Department of Payment and Settlement Systems.



# PREFACE

We are delighted to share the **quarter 2, 2023** report. The report highlights the outlook of digital payment channels – in terms of volume, value, usage, and users observed in the first quarter (April 2023 – June 2023). The report also shows the performance in comparison to the same quarter of the previous years (2020, 2021 and 2022).

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, 2023)

## VOLUME & VALUE OF DOMESTIC PAYMENT TRANSACTIONS –2023 Q2 IN FOCUS (In comparison to the same quarter of the previous year)



### Mobile Banking

**39.63** million transactions (9.24% increase) amounting to Nu. **137.75** billion (12.96% increase)



### Internet Banking

**9.26** thousand transactions (10.09% increase) amounting to Nu. **591.54** million (4.42% increase)



### QR Code Payments

**24.51** million transactions (29.77% increase) amounting to Nu. **21.06** billion (19.90% increase)



### Domestic Payment Gateway

**0.99** million transactions (48.47% increase) amounting to Nu. **500.86** million (36.93 increase)

# VOLUME & VALUE OF DOMESTIC PAYMENT TRANSACTIONS –2023 Q2 IN FOCUS

(In comparison to the same quarter of the previous year)



## Wallets

**2.01** million transactions (45.27% increase) amounting to Nu. **518.48** million (16.02% increase)



## Electronic Fund Transfer

**75.19** thousand transactions (5.27% increase) amounting to Nu. **22.56** billion (2.31% decrease)



## Card – ATM & POS

**514.51** thousand transactions (7.83% decrease) amounting to Nu. **2.69** billion (6.39% increase)



## Cheque

**123.10** thousand transactions (3.42% decrease) amounting to Nu. **66.60** billion (11.231% increase)

# VOLUME & VALUE OF REGIONAL PAYMENT TRANSACTIONS – 2023 Q2 IN FOCUS

(In comparison to the same quarter of the previous year)



## *Acquirer*

**0.48** thousand  
transactions (100% increase)  
amounting to Nu. **2.33** million  
(100% increase)



## *Issuer*

**12.37** thousand  
transactions (154.39% increase)  
amounting to Nu. **67.08** million  
(269.61% increase)

# VOLUME & VALUE OF INTERNATIONAL PAYMENT TRANSACTIONS – 2023 Q2 IN FOCUS

(In comparison to the same quarter of the previous year)



## SWIFT - inflow

**7.54** thousand transactions (47.14% increase) amounting to Nu. **10.04** billion (81.13% increase)



## SWIFT - outflow

**7.78** thousand transactions (101.66% increase) amounting to Nu. **13.27** billion (54.01% increase)



## International Payment Gateway

**3.84** thousand transactions (482.25% increase) amounting to Nu. **158.32** million (1746.93% increase)



## International Card

**61.29** thousand transactions (121.20% increase) amounting to Nu. **255.23** million (210.83% increase)

## SUMMARY

The payment transactions in Table 1 report the total transactions made through various digital payment channels operated by the RMA and the 6 banks at the domestic, regional (India) and international levels from April to June 2023. It also shows the comparison of these transactions with the same quarter of the past 3 years.

**Table 1: Payment Transaction Comparison – Q2 for 2020, 2021, 2022 and 2023.**

Instrument	Q2 2020		Q2 2021		Q2 2022		Q2 2023		% Change	
	Volume (thousands)	Value (millions)	Volume (thousands)	Value (millions)	Volume (thousands)	Value (millions)	Volume (thousands)	Value (millions)	Volume (thousands)	Value (millions)
Paper-Cheques	150.42	72,000.00	117.78	66,276.22	127.46	59,878.14	123.10	66,601.66	-3.42%	11.23%
Mobile Banking	13,889.55	30,040.23	27,270.10	79,282.20	36,274.38	121,945.89	39,627.83	137,750.92	9.24%	12.96%
Internet Banking	2.63	222.31	7.83	363.28	8.42	566.51	9.26	591.54	10.09%	4.42%
Bhutan QR Code			6,565.32	6,566.78	18,888.74	17,563.80	24,512.84	21,058.54	29.77%	19.90%
Payment Gateway	56.97	27.19	318.87	213.23	667.77	365.77	991.46	500.86	48.47%	36.93%
Wallets	113.57	42.07	422.19	173.75	1,380.84	446.90	2,005.95	518.48	45.27%	16.02%
Bhutan Inter-bank Real Time	48.73	11,903.78	42.88	20,869.89	71.43	23,097.18	75.19	22,563.91	5.27%	-2.31%
ATM	1,860.00	6,160.26	1,080.27	4,034.40	557.95	2,527.47	511.41	2,672.35	-8.34%	5.73%
POS	1.90	7.29	0.60	2.10	0.28	2.82	3.10	19.51	1006.43%	591.77%
<b>Domestic Payment</b>	<b>16,121.86</b>	<b>120,395.84</b>	<b>35,825.23</b>	<b>177,779.75</b>	<b>57,976.98</b>	<b>226,391.66</b>	<b>67,857.04</b>	<b>252,258.26</b>	<b>17.04%</b>	<b>11.43%</b>
RuPay ATM & PoS Acquiring	1.77	6.05	0.36	1.63	-	-	0.48	2.33	0.00%	0.00%
RuPay ATM & PoS Issuing			0.76	2.75	4.86	18.15	12.37	67.08	154.39%	269.61%
<b>Regional Payment</b>	<b>1.77</b>	<b>6.05</b>	<b>1.12</b>	<b>4.38</b>	<b>4.86</b>	<b>18.15</b>	<b>12.84700</b>	<b>69.41</b>	<b>164.18%</b>	<b>282.43%</b>
SWIFT - Inflow		3,517.11		4,607.36	5.13	5,544.93	7.54	10,043.77	47.14%	81.13%
SWIFT - Outflow	7.35	3,809.35	8.24	23,114.40	3.86	8,613.85	7.78	13,266.01	101.66%	54.01%
International Payment Gateway	0.39	4.48	0.45	4.56	0.66	8.57	3.84	158.32	482.25%	1746.93%
International Cards					27.71	114.29	61.29	355.23	121.20%	210.83%
<b>International Payments</b>	<b>7.74</b>	<b>7,330.94</b>	<b>8.68</b>	<b>27,726.31</b>	<b>9.64</b>	<b>14,167.35</b>	<b>19.16</b>	<b>23,468.10</b>	<b>98.69%</b>	<b>65.65%</b>

### HIGHLIGHTS:

#### Digital Advancements

Mobile Banking continued its upward trajectory with a 9.24% increase in volume and a 12.96% increase in value. Internet Banking also displayed growth, with a 10.09% volume increase, while its value rose by 4.42%. Bhutan Inter-bank Real-Time transactions grew marginally by 5.27% in volume but decreased in value by 2.31%. Bhutan QR Code transactions surged by an impressive 29.77% in volume and 19.90% in value, showcasing the rising adoption of digital payment methods.



## Changing Trends

Traditional methods like Paper Cheques faced a decline, showing a 3.42% drop in volume; however, their value increased by 11.23%. ATM transactions experienced a volume decline of 8.34% but still managed a 5.73% increase in value. In contrast, POS transactions skyrocketed, displaying an astounding 1006.43% volume surge and a staggering 591.77% value escalation.

## Cross Border Transactions

Regional Payments showed robust growth, with a 164.18% volume surge and an impressive 282.43% value increase.

International payments saw significant growth across various categories. SWIFT - Inflow surged by 47.14% in volume and 81.13% in value, while SWIFT - Outflow rose by 101.66% in volume and 54.01% in value. International Payment Gateway transactions recorded an astonishing 482.25% volume increase and a remarkable 1746.93% value growth. International Cards displayed a notable 121.20% volume increase and a substantial 210.83% rise in value. International Payments, involving cross-border financial exchanges, witnessed a robust 98.69% volume increase and a commendable 65.65% value rise.

***These trends underscore a dynamic financial landscape where digital methods are gaining ground, traditional practices are evolving, and cross-border transactions are on the rise. The shifts highlight a blend of technology-driven transformations and changing consumer preferences, contributing to a complex and vibrant financial ecosystem.***

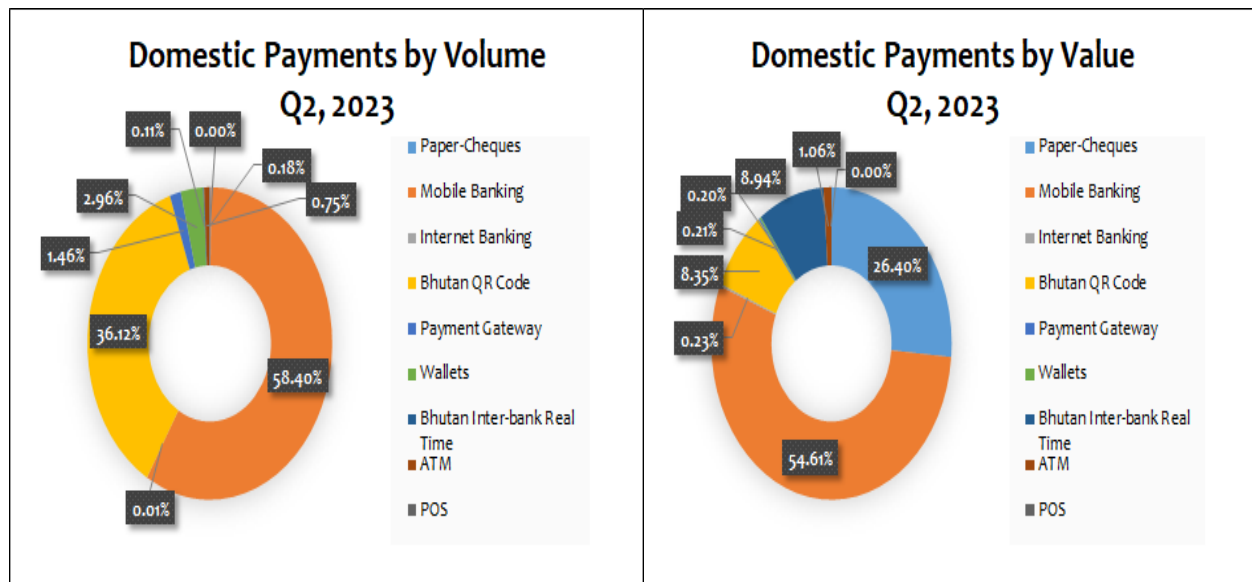
## DOMESTIC PAYMENTS

In the second quarter of 2023, for the domestic payments, both the transaction volume and value have increased as compared to the same quarter of the previous year. The transaction volume was recorded at 67.86 million in which mobile banking constitutes the majority shares of 58.40 percent followed by Bhutan QR code payment of 36.12 percent.

In contrast, point of sale constitutes the least around 0.01 percent followed by Bhutan inter-bank real-time fund transfer of 0.11 percent.

In terms of value, it has increased by 11.43 percent as compared to the same quarter of the previous year from Nu. 226.39 billion to Nu. 252.29 billion. Mobile banking constitutes the major share of the domestic transaction at 54.60 percent followed by cheques at 26.40 percent. The least share is contributed by PoS and payment gateway at 0.01 percent and 0.20 percent respectively.

Pie chart 1: Domestic Payment Transaction – Q2, 2023.



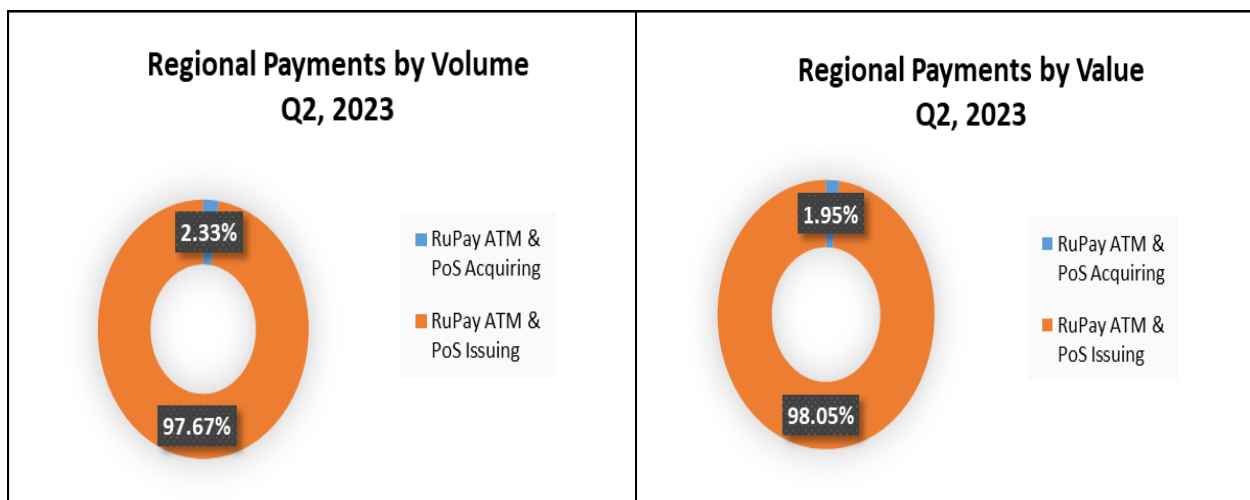
Note: 0.00% corresponds to a volume less than 3,10 thousand.

## REGIONAL PAYMENTS

In the regional payments, RuPay card transactions through ATM and PoS terminals in India and Bhutan are included. In the 2<sup>nd</sup> quarter of 2023, the transaction volume of 12,847 against a value of Nu. 69.41 million were recorded. For the RuPay acquiring, 476 transaction volume worth of Nu. 2.33 million were recorded although there was no transaction in the 2<sup>nd</sup> quarter of 2022.

As compared to the same quarter of the previous year, RuPay issuing saw an increase in both volume and value at 164.18 % and 282.43% respectively.

Pie chart 2: Regional Payment Transaction – Q2, 2023.

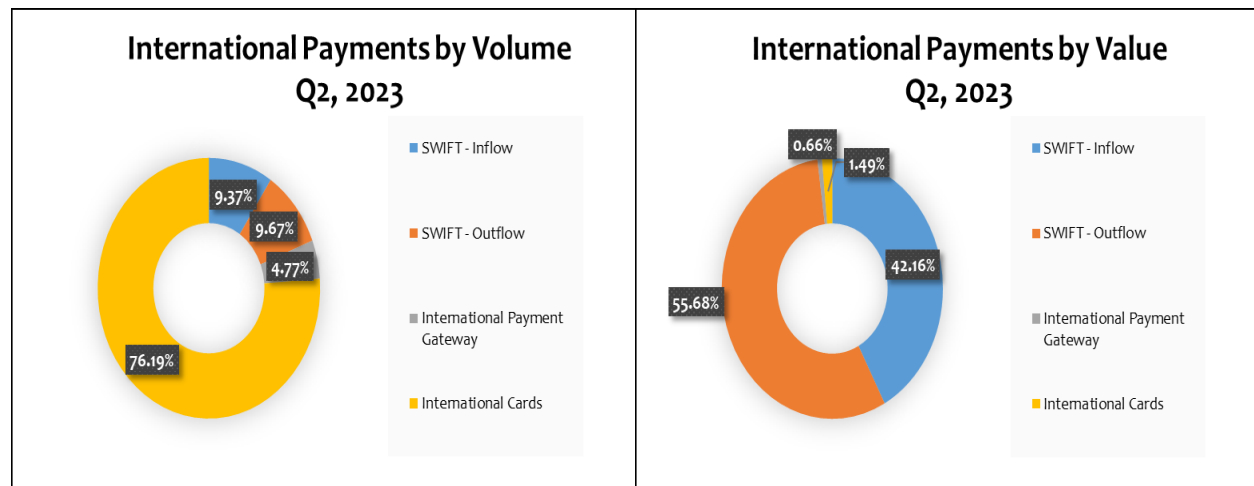


## ***INTERNATIONAL PAYMENTS***

International payments constitute SWIFT, International Payment Gateway, and International Cards. The transaction volume was recorded at 80.45 thousand, an increase of 115.39 percent compared to the same quarter of the previous year. The international card constitutes the highest share of 76.19 percent followed by SWIFT outflow of 9.67 percent.

In terms of value, Nu. 213,779.75 million was recorded which is an increase of 1396.89 percent as compared to the same quarter of the previous year. The SWIFT inflow, unlike the transaction volume, constitutes the majority share of 93.55 percent and is followed by the SWIFT outflow of 6.21 percent.

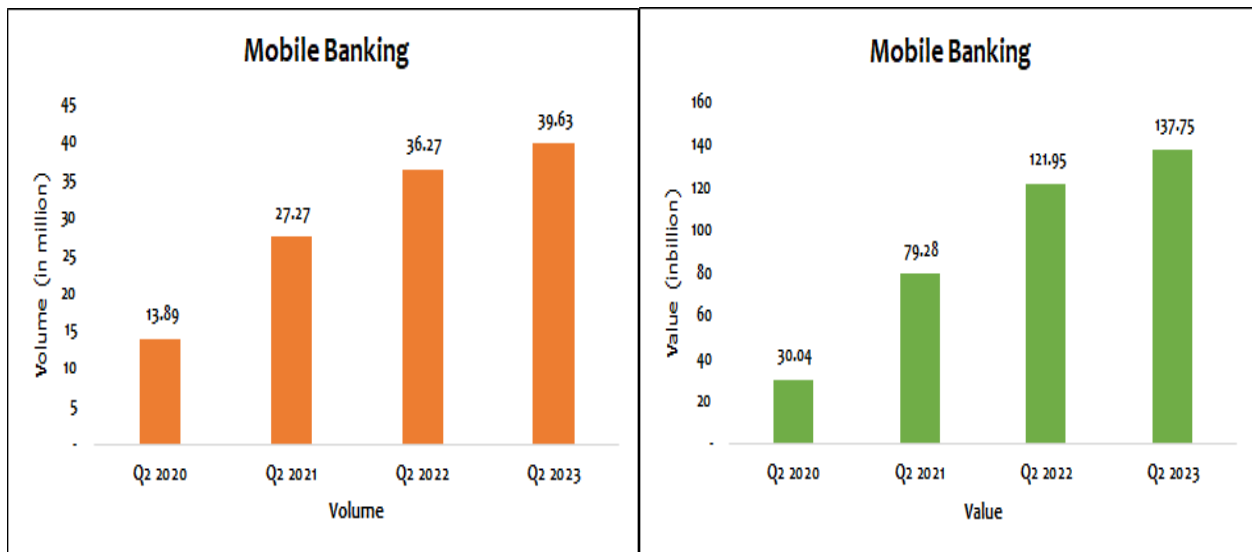
**Pie chart 3: International Payment Transaction – Q2, 2023.**



# DOMESTIC PAYMENT TRANSACTIONS (Q2, 2023)

## a) Mobile Banking

Graph 1: Mobile Transaction (Volume & Value -Q2 for 2020, 2021, 2022, and 2023)

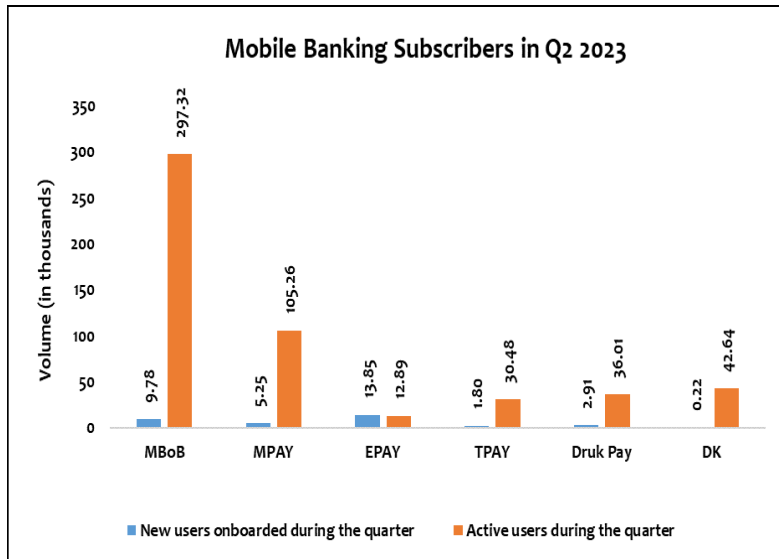


Mobile banking has accelerated both in terms of volume and value during this quarter. With the rolling out of the mobile banking app, digital payments have helped people ease their financial transactions. The mobile banking transaction shows that mobile banking is not only witnessing a rise in the number of transactions but also the overall value of these transactions.

During Q2 2023, 39.63 million transactions were recorded which is an increase of 9.24 percent compared to Q2 2022, even though the growth rate has been sluggish compared to the previous year. From the graph above, there is considerable growth from Q2 2020 to Q2 2021 as mobile banking has gained much popularity during that year due to the pandemic.

Similarly, the value of mobile banking transactions has increased by 12.96 percent from Nu. 121.95 billion in Q2 2022 to Nu. 137.75 billion in Q2 2023. During Q2 2020 the value was Nu. 30.04 billion which has increased to Nu. 79.28 billion in Q2 2021 which showed an increase of 163.92 percent. This increasing trend is attributed to factors such as convenience, ease of use, and the growing popularity of digital banking solutions among consumers.

**Graph 2: Mobile Banking Subscribers -Q2,2023**

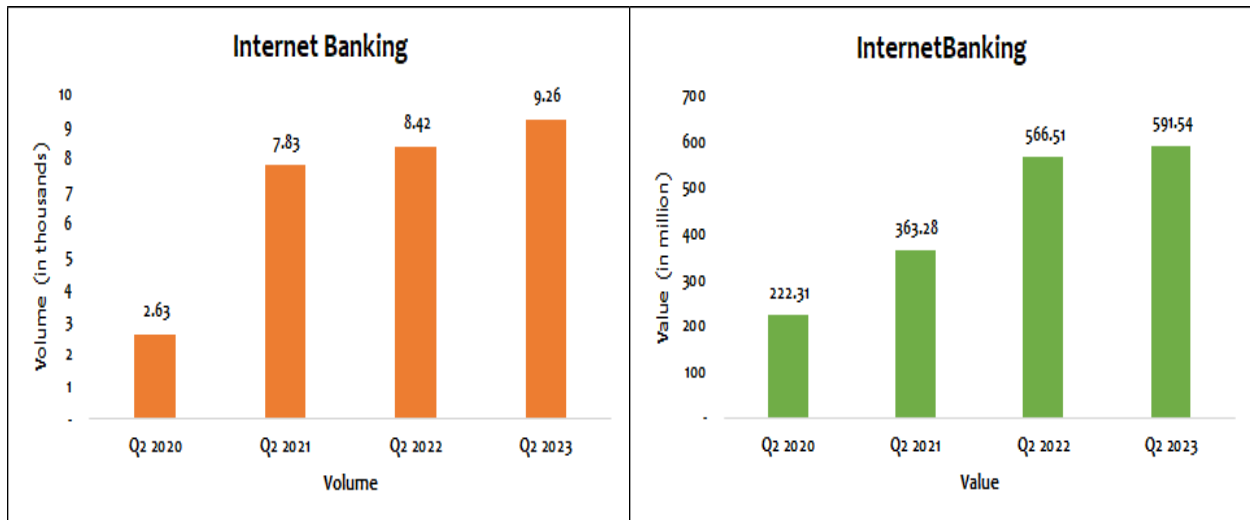


In Q2 2023, **33,813** new users subscribed to the mobile banking apps of six financial institutions.

Consequently, the active users have increased to **524,597** indicating a growth and popularity of different mobile banking platforms in terms of both new user registrations and active user engagement during the quarter.

## b) Internet Banking

Graph 3: Internet Banking Transaction (Volume & Value -Q2 for 2020, 2021, 2022, and 2023)

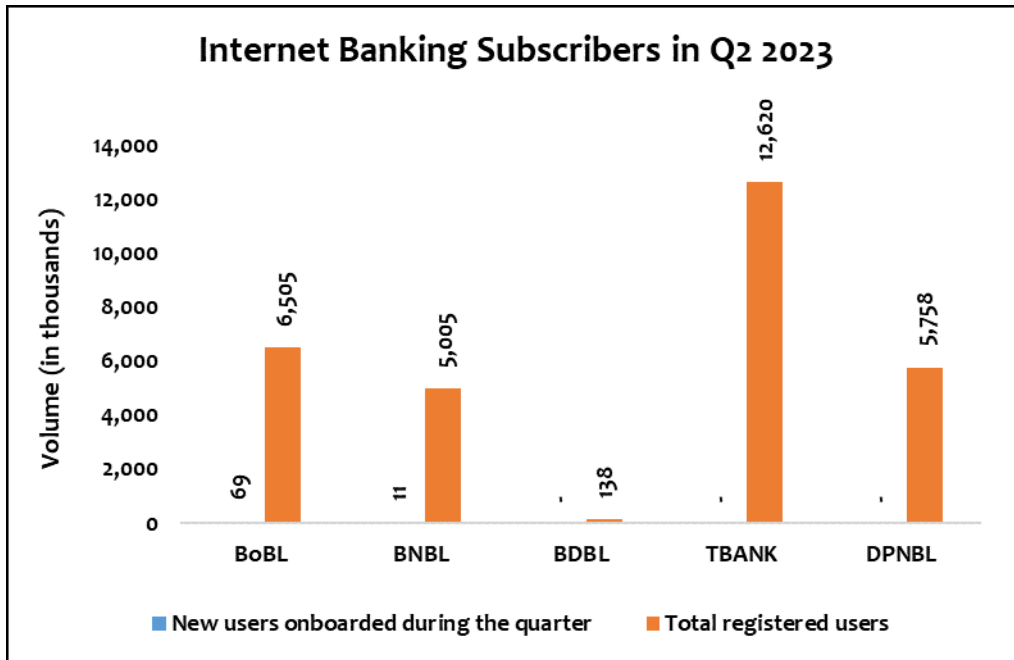


Internet banking enables the customer to access and manage bank accounts and perform various financial transactions over the Internet.

In Q2 2023, both volume and value for Internet banking increased by 10.09 percent and 4.42 percent respectively as compared to Q2 2022. The transaction volume has increased from 8.42 thousand in Q2 2022 to 9.26 thousand in Q2 2023. Similarly, in terms of transaction value, internet banking witnessed a marginal increase in value from Nu. 566.51 million to 591.54 million from Q2 2022.

In Q2 2021, internet banking recorded 7.83 thousand transactions amounting to Nu. 363.28 million and in Q2, 2022 there were 8.42 thousand transactions worth of Nu. 566.51 million. The increase in both volume and value indicates that there has been a steady increase in the usage of Internet banking over the years.

Graph 4: Internet Banking Subscribers -Q2,2023

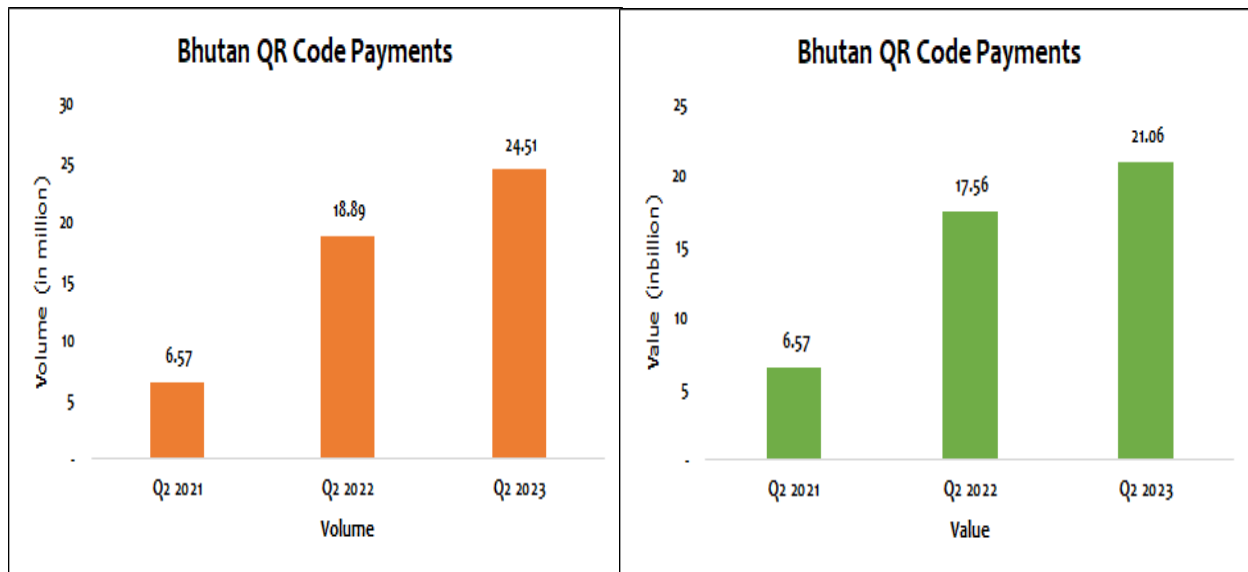


For Internet banking, 80 new users subscribed during the second quarter taking the Internet banking total users to 30,026 as of the second quarter of 2023. Internet banking is a convenient way for customers to access their bank accounts and perform transactions online. The increase in users indicates that the adoption of Internet banking is growing, but there is still significant variation between different banks in terms of the number of users.



## c) Bhutan QR Code Payments

Graph 5: QR Code Payments (Volume & Value -Q2 for 2021, 2022 and 2023)

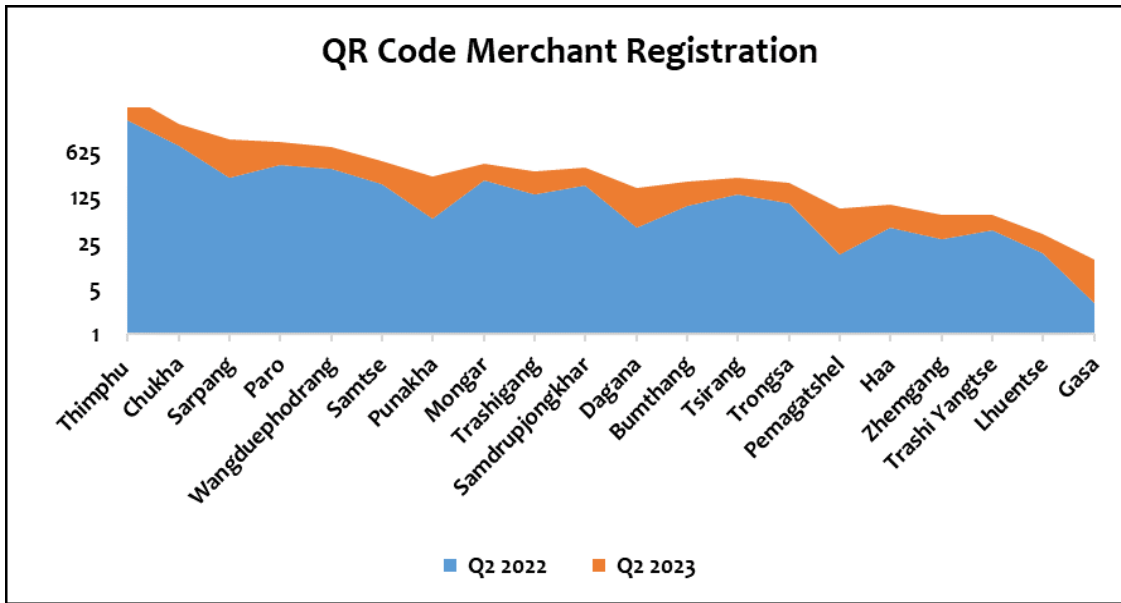


Bhutan QR code usage has exploded over the past years, as multitudes of consumers are increasingly using QR codes to make cashless payments for any purchases across the whole country.

During the 2<sup>nd</sup> quarter of 2023, QR code payments saw a total of 24.51 million transactions of value Nu. 21.06 billion. The transactions have increased by 29.77 percent by volume and 19.90 percent by value compared to the same quarter of the previous year. The increase is because of the ease of lockdowns and normalizing economic activities. Since then, QR scan codes have been gaining popularity in shops, restaurants, cafes, and even taxis as they are contactless, touchless, and easy to use.

The usage of QR code payment has gradually increased over the years as shown in the graph above. In Q2 2022, the transaction volume increased by 187.70 percent, and in terms of value, it has increased by 167.46 percent.

Graph 6: QR Code Merchant registration (Dzongkhag wise) -Q2, 2022 & Q2, 2023

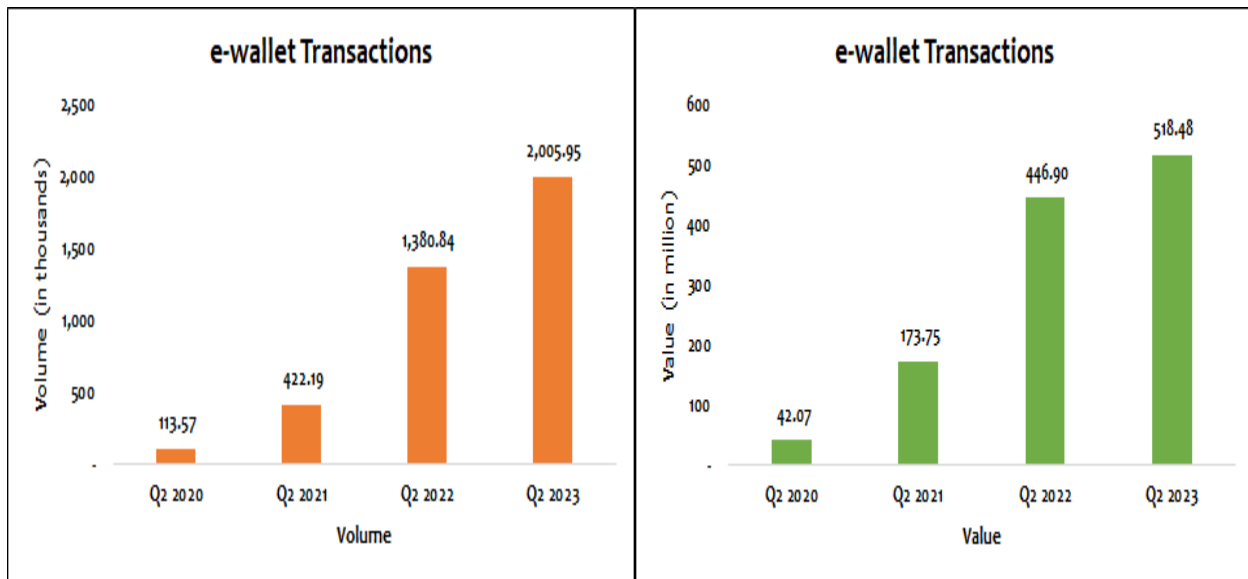


During the 2nd quarter of 2023, the banks have onboarded 7,277 new QR code merchants, taking the total QR issued till now to 76,782 an increase of 50.07 percent compared to the total merchant registration in the 1st quarter of 2023.

Thimphu Dzongkhag saw a huge increase in new merchant registration of 941 compared to Q2 2022. This is followed by Sarpang and Chukha of 512 and 184 new merchant registrations respectively.

## d) Wallets

Graph 7: Wallets Transaction (Volume & Value -Q2 for 2020, 2021, 2022, and 2023)



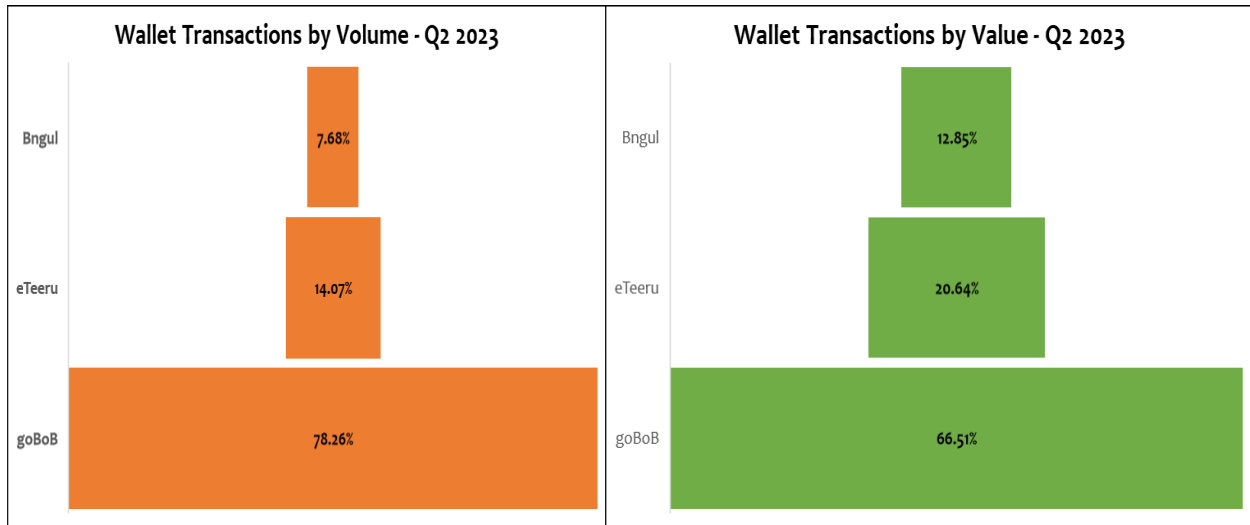
e-wallet is a virtual wallet through which users can store their money for future online or offline transactions such as recharging, making utility bill payments, and merchant payments. The e-wallet helps to achieve greater financial inclusion, promote cashless transactions, and to bring every citizen into the financial ecosystem.

In Q2 2023, both transaction volume and value are showing an increasing trend. The transaction volume was recorded at 2,005.95 thousand, an increase of 45.27 percent against the value of Nu. 518.48 million, an increase of 16.02 percent. This demonstrates a substantial growth in wallet usage compared to the previous quarters.

In Q2 2020, 113.57 thousand transactions worth of Nu. 42.07 million were recorded using wallets. In Q2 2021, there was a significant increase in both volume and value as the transaction volume rose to 422.19 thousand against the value of Nu. 173.75 million, indicating a substantial growth of 271.07 percent and 313.03 percent respectively for volume and value.

By Q2 2022, both transaction volume and value experienced another significant increase, reaching 1,380.34 thousand and Nu. 446.90 million worth of transactions. Overall, the e-wallet transactions illustrate a significant upward trend in wallet transactions over time, with both transaction volume and value experiencing notable increases from Q2 2020 to Q2 2023.

**Graph 8: Wallet Transaction (Bngul, eTeeru and goBOB) – volume and value**



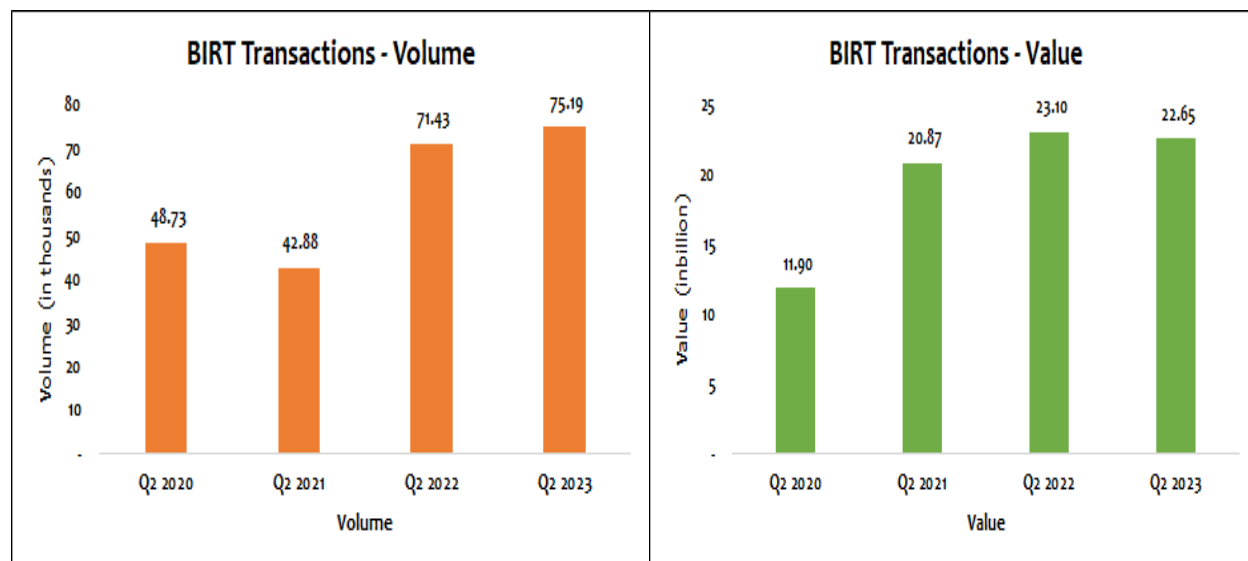
In terms of volume, Bngul accounted for 7.68 percent of the total transactions, eTeeru accounted for 14.07 percent and goBoB accounts for 78.26 percent, indicating a higher popularity among wallet users.

Regarding the value of transactions, Bngul accounted for 12.85 percent of the total value of transactions. eTeeru accounted for 20.64 percent and goBoB for 66.51 percent. In Q2 2023, goBoB recorded the highest volume and value shares compared to Bngul and eTeeru. The goBoB dominates wallet transactions due to the easy interoperability with other wallet accounts and can top up mobile numbers of both telcos and most importantly bank accounts can also be provided by BoBL. Bngul had a relatively smaller share in both volume and value, indicating a lower usage compared to the other two wallets.

## d) Electronic Fund Transfer – BIRT Fund Transfer System

Bhutan Inter-Bank Real Time (BIRT) – Fund Transfer System is a nationwide electronic fund transfer system that facilitates the transfer of funds from one branch of a bank to any other bank branch within the country.

Graph 9: BIRT Transaction (Volume & Value -Q2 for 2020, 2021, 2022 and 2023)

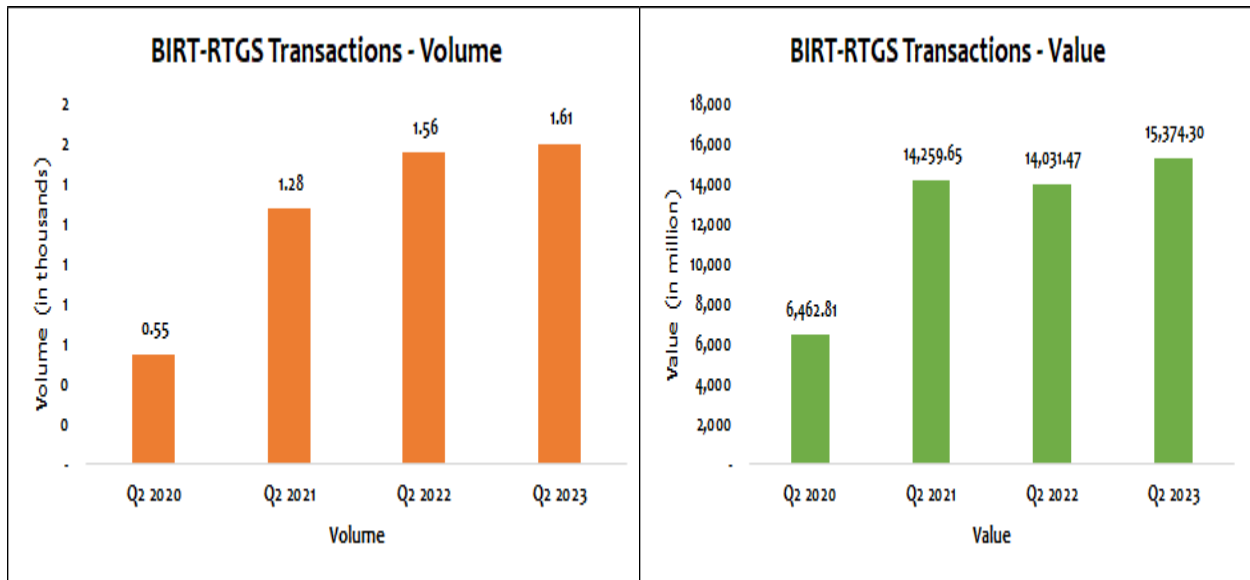


During Q2 2023, 75.19 thousand transactions amounting to Nu. 22.65 billion were transacted through BIRT Fund Transfer System. The total BIRT transactions in Q2 2023 have increased by 5.26 percent whereas the value has decreased by 1.92 percent compared to the same quarter of the previous year.

The graph shows some fluctuations in the number of fund transfer transactions over the four quarters. After a slight decrease from Q2 2020 to Q2 2021, the volume saw a significant increase in Q2 2022 and then a slight increase in Q2 2023. This suggests that while there may have been some short-term variations, the overall trend indicates growth in the number of BIRT fund transfer transactions.

The steady increase in the value of fund transfer transactions, even with a fluctuating volume, suggests that the average value per transaction has been increasing over time. This could be due to larger transfers being made or an increase in higher-value financial transactions.

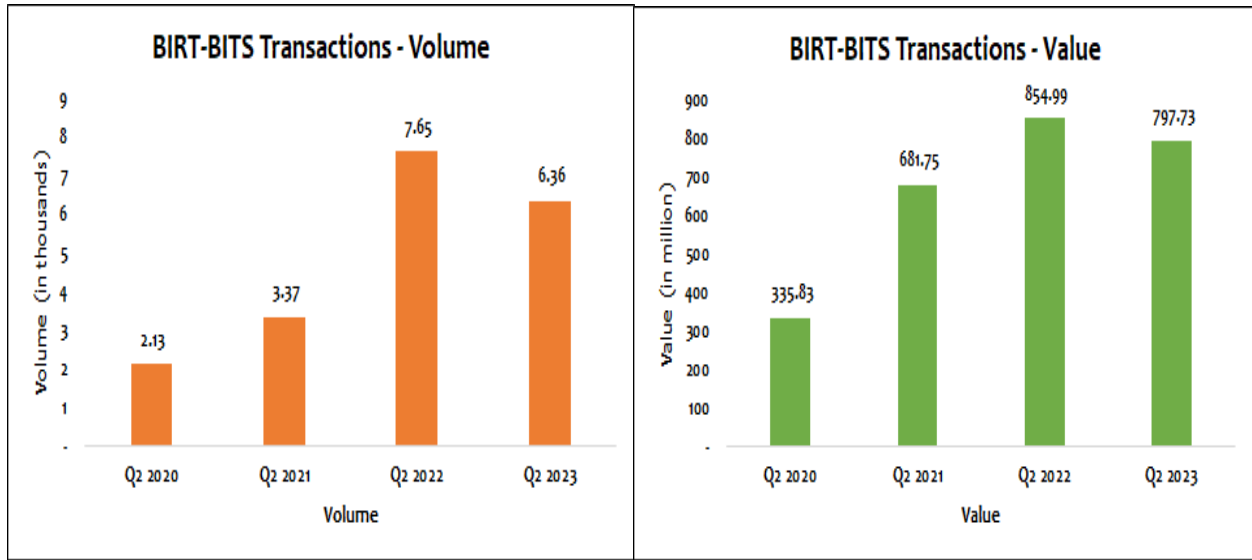
**Graph 10: BIRT-RTGS Transaction (Volume & Value -Q2 for 2020, 2021, 2022 and 2023)**



BIRT RTGS (Real Time Gross Settlement) is the payments that are settled immediately in real-time and are an important payment system as it is used for high-value transactions which are above Nu. 1 million.

During the 2nd quarter of 2023, 1,605 transactions worth Nu. 15.37 billion were transacted which is an increase in the volume by 2.75 percent and value by 9.57 percent as compared to the same quarter of the previous year.

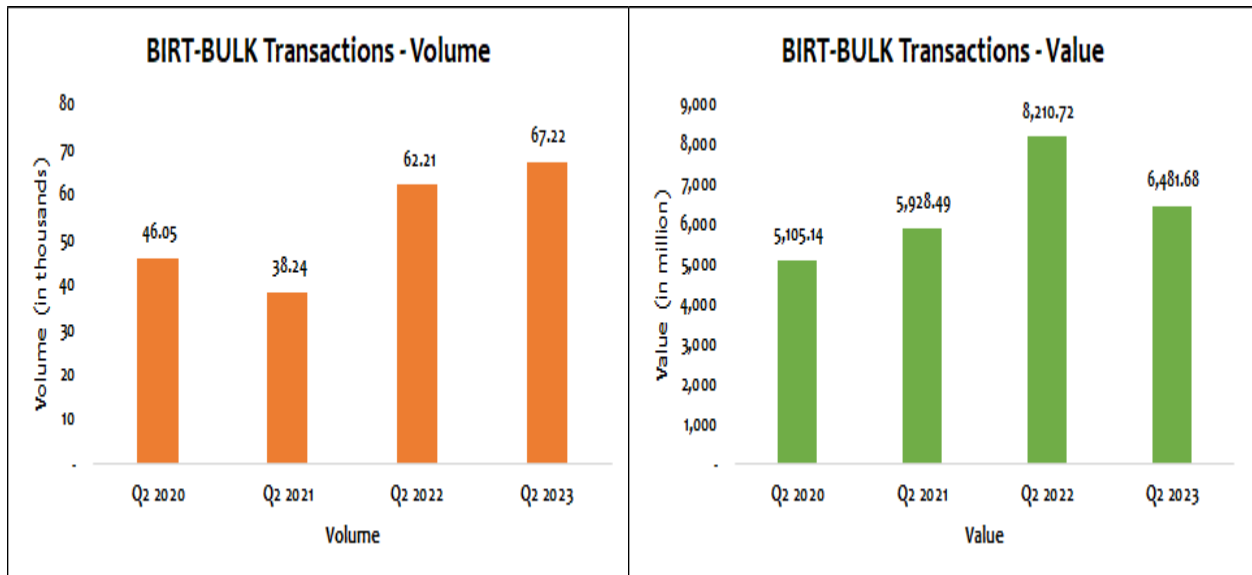
**Graph 11: BIRT-BITS Transaction (Volume & Value -Q2 for 2020, 2021, 2022 and 2023)**



BIRT BITS (Batched Settlement Service) enables interbank fund transfer in a batched settlement cycle. The maximum limit for the transfer of funds is Nu. 1 million.

In the 2<sup>nd</sup> quarter of 2023, BITS recorded a transaction volume of 6,361 against a value of Nu. 797.73 million. Both the volume and value have decreased by 16.86 percent and 6.70 percent respectively compared to the same quarter of the previous year.

**Graph 12: BIRT-BULK Transaction (Volume & Value -Q2 for 2020, 2021, 2022 and 2023)**

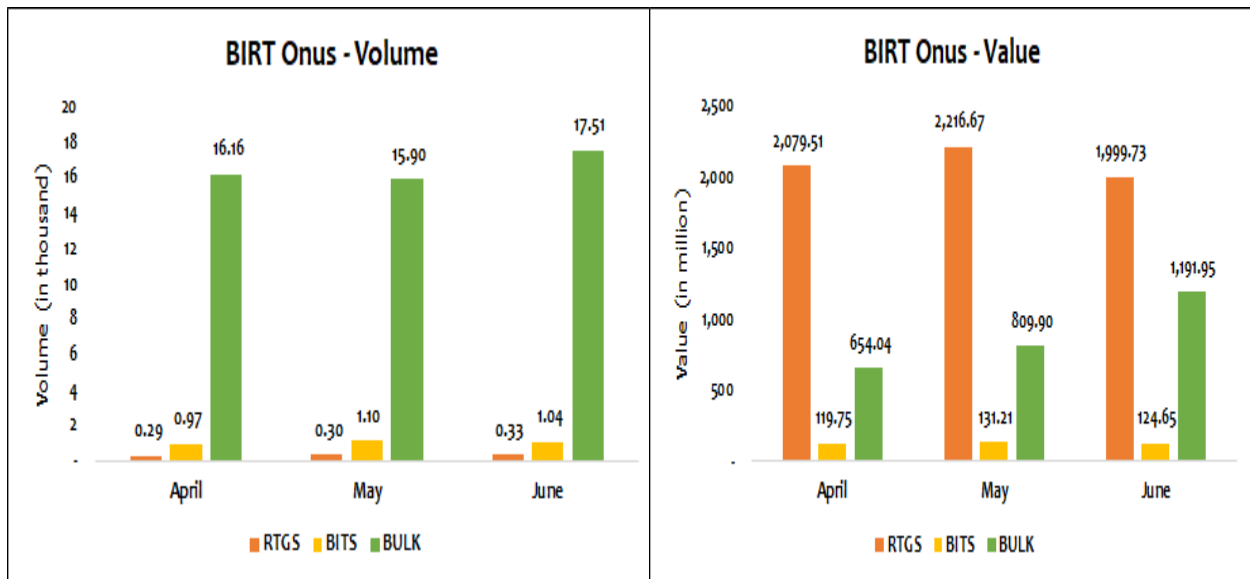


BIRT BULK is a payment system that handles bulk payments from a single account to multiple beneficiaries targeted mostly for institutional payments like salary, pension payments, loan repayment, and so on.

During Q2 2023, there were 67,219 BULK transactions amounting to Nu. 6.48 billion. It is an increase in volume of 8.04 percent and a decrease in value by 21.06 percent compared to the same quarter of the previous year.

Unlike RTGS and BITS which shows a fluctuating pattern (increasing from April to May and then decreasing in June), the BULK transactions show a significant growth in value from April to June 2023.

**Graph 13: BIRT Onus Transaction (Volume & Value -Q2 for 2023)**



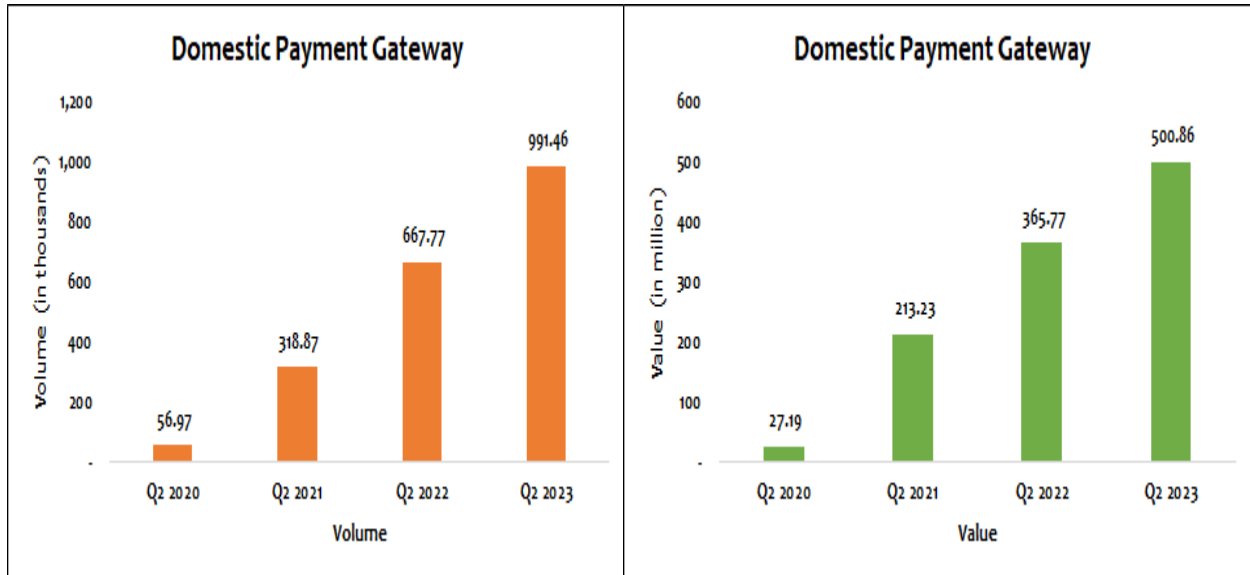
The graph above represents the BIRT onus (fund transfer within the bank) for Q2 2023. It can be observed that RTGS shows a steady increase in volume from April to June 2023 while BITS shows some fluctuations, increasing from April to May and then decreasing from June. On the other hand, BULK shows a slight increase in volume from April to June.



## f) Domestic Payment Gateway

Domestic Payment Gateway is a merchant service provided by RMA for direct payment processing for e-commerce, government services, and corporate utilities.

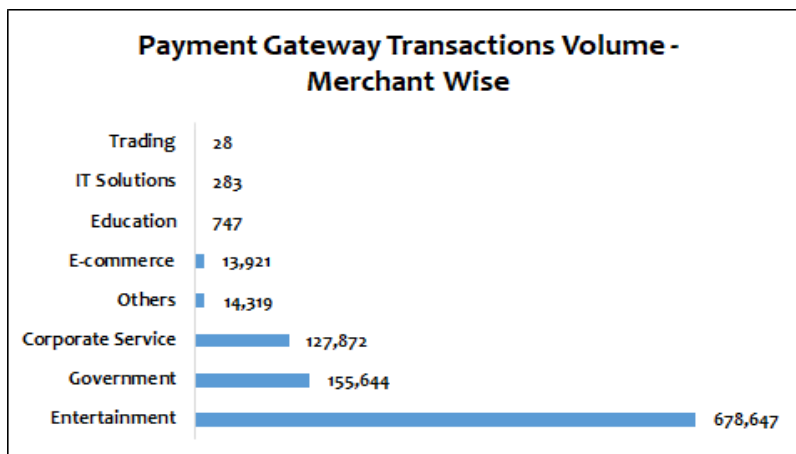
**Graph 14: Payment Gateway Transaction (Volume & Value -Q2 for 2020, 2021, 2022, and 2023)**



During the 2<sup>nd</sup> quarter of 2023, 991.46 thousand transactions amounting to Nu. 500.86 million were transacted. In comparison to the same quarter of the previous year, there is an increase both in terms of volume and value of 48.47 percent and 36.93 percent respectively.

The highest domestic PG transactions in this quarter were recorded in the entertainment category followed by government services -G2C Payment aggregator and then e-corporate utility services as shown in the graph below.

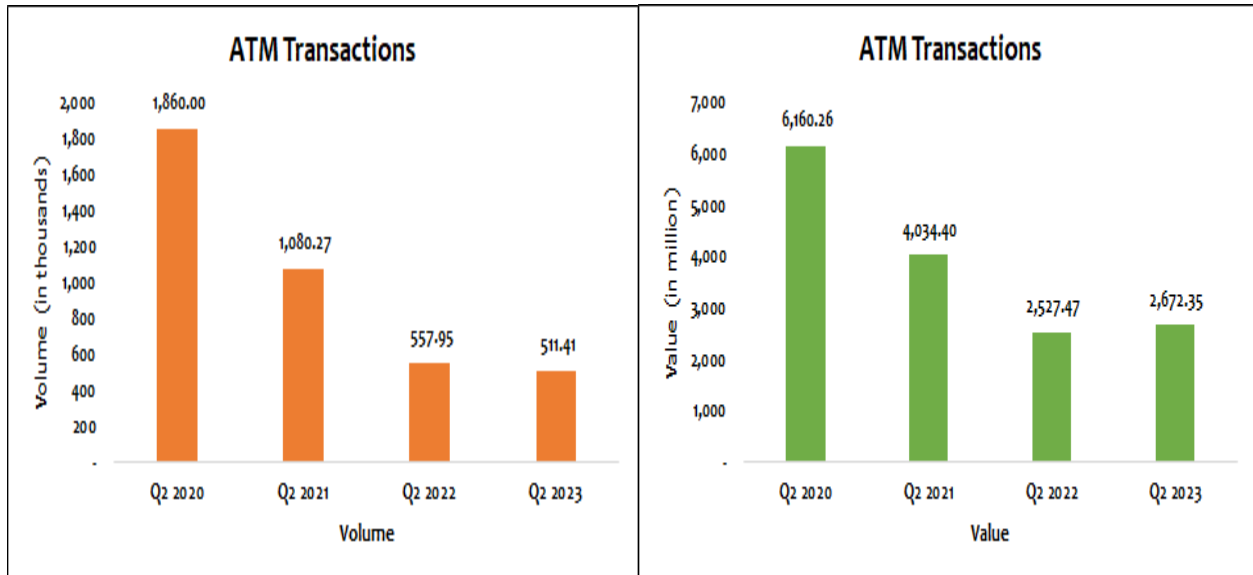
**Graph 15: Domestic PG Transactions- Merchants Wise -Q2 2023**



There are a total of **95** registered merchants in the domestic PG portal as of June 2023, out of which 67 merchants are active while the services are blocked for 28 merchants, and 3 are under the testing phase.

## g) Cards - ATM

Graph 16: ATM Transaction (Volume & Value -Q2 for 2020, 2021, 2022, and 2023)



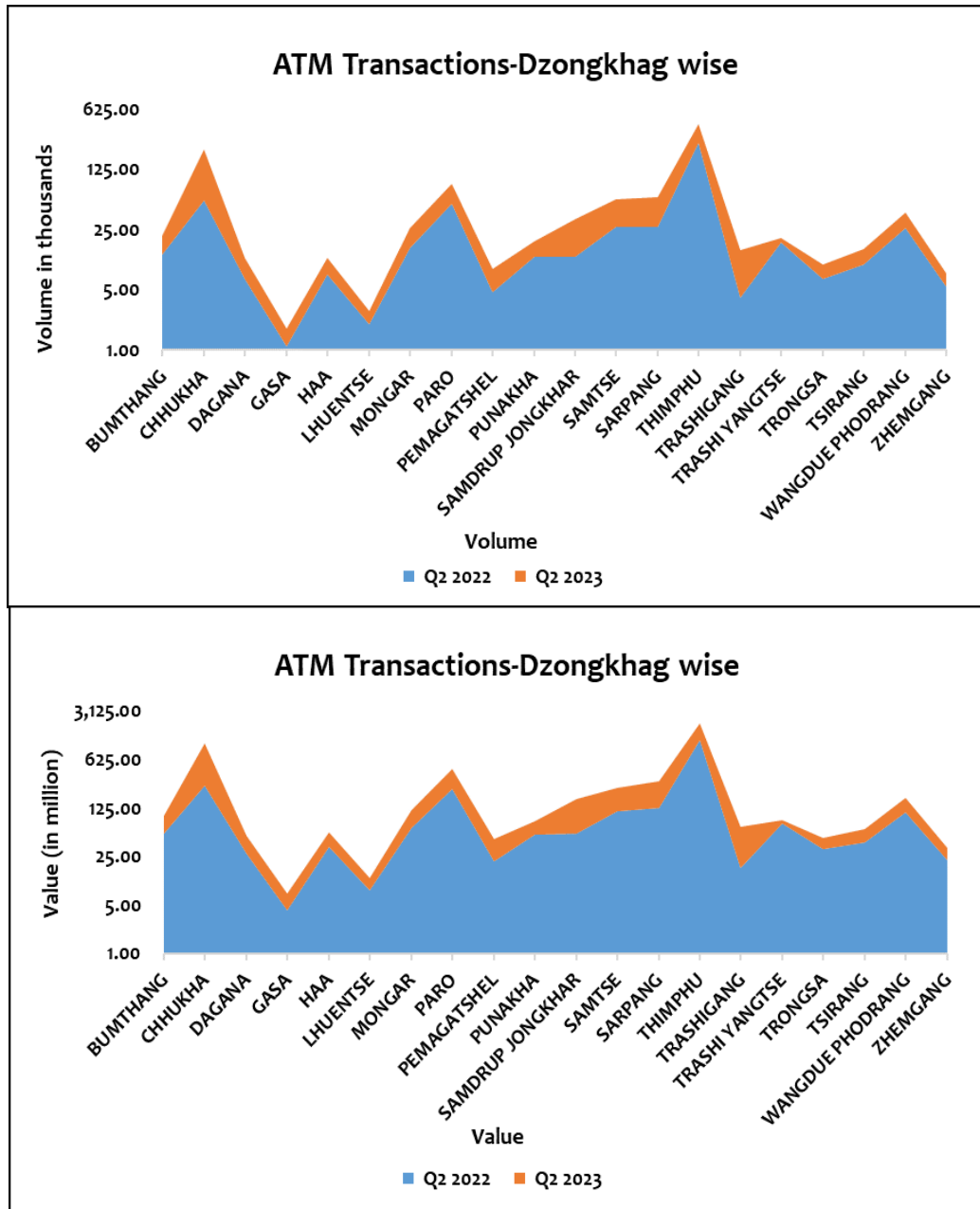
Card payments refer to cash withdrawals/transactions from ATM terminals in the country using domestic ATM cards. The data indicates a consistent decline in both the number of ATM transactions and the total value over the four quarters.

In Q2 2023, a total of 511.41 thousand transactions worth Nu. 2,672.53 million were transacted. The transactions through ATMs are on decreasing trend, unlike the other payment instruments. The volume in Q2 2023 has decreased by 8.34 percent while the value has increased slightly by 5.73 percent as compared to the same quarter of the previous year.

The decline in ATM transactions observed in Q2 2020 and 2021 could also be influenced by the COVID-19 pandemic, as it may have led to reduced cash usage due to health concerns and the adoption of digital payment methods to minimize physical contact.

The decline in ATM transactions could also be attributed to a shift in consumer behavior towards alternative payment methods, such as mobile payments, online banking, contactless cards, and digital wallets. These convenient and secure options may be replacing the need for physical cash withdrawals at ATMs.

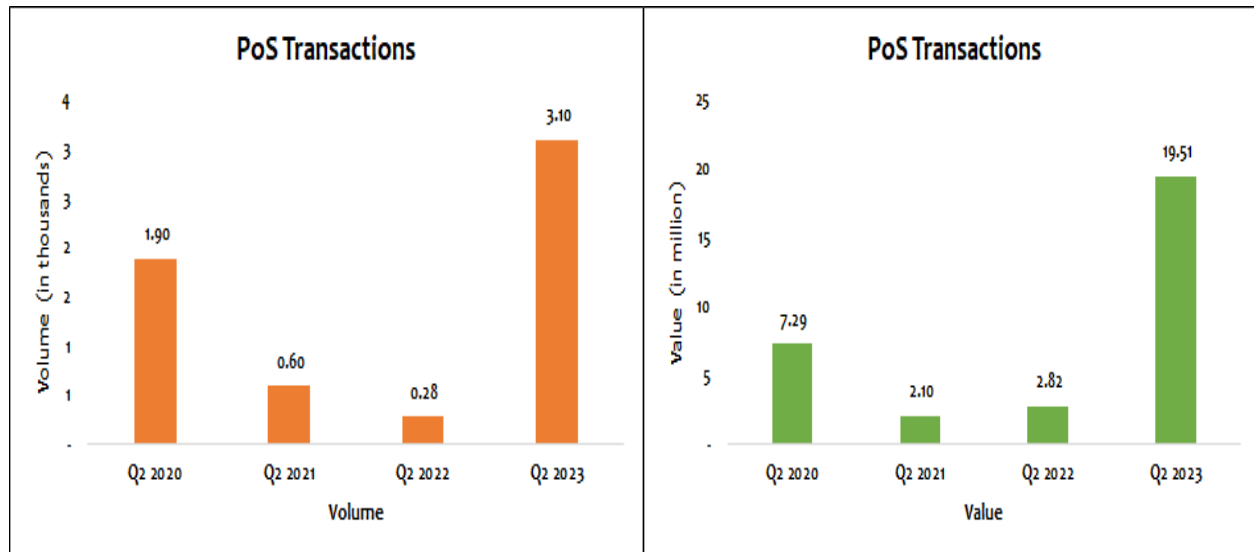
Graph 17: ATM Transaction Dzongkhag Wise (Volume & Value -Q2 2022 and Q1 2023)



Chhukha Dzongkhag has recorded the highest increase in volume and value in Q2 2023 with 188.61 percent and 211.69 percent increase respectively as compared to Q2 2022. This is followed by Trashigang and Samdrup Jongkhar. In contrast, Trashi Yangtse has experienced a decrease in transaction volume and value with a decrease of 89.13 percent and 88.11 percent respectively.

## h) Cards – PoS

Graph 18: PoS Transaction (Volume & Value -Q2 for 2020, 2021, 2022 and 2023)



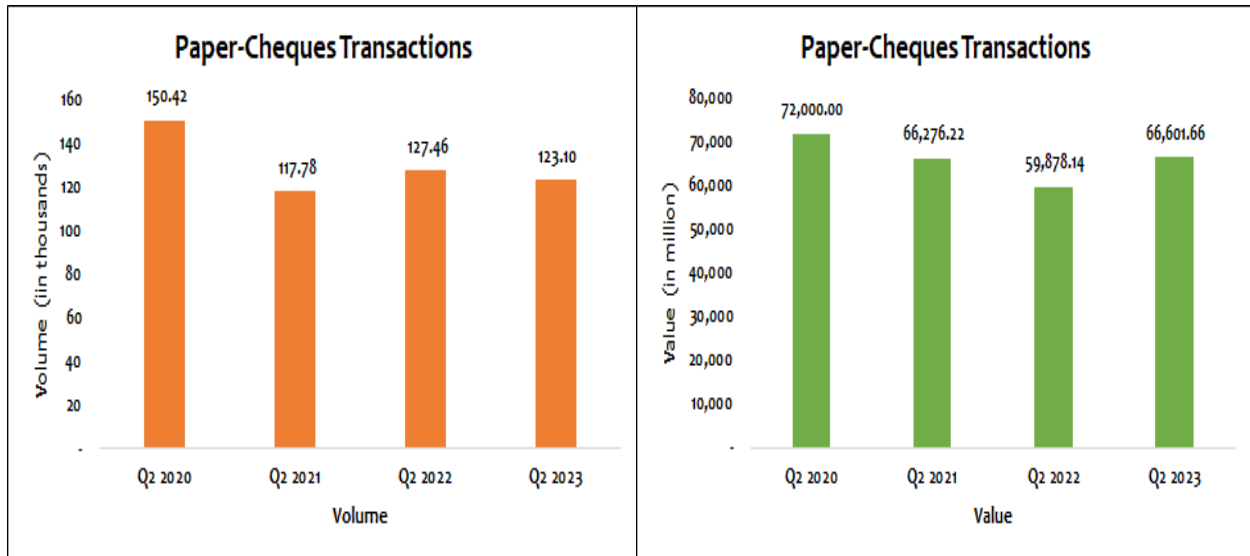
The PoS transactions include the payments made by national as well as international customers using cards at physical retail locations or online within the country. The volume and value are the inclusion of RuPay cards as well as international cards used in Bhutan.

In Q2 2023, PoS recorded a transaction volume of 3.10 thousand amounting to a value of Nu. 19.51 million. The PoS recorded an increase of 2.82 thousand in terms of volume and Nu. 16.69 million in terms of value.

In Q2 2020, the transaction volume and value has recorded at 1.90 thousand against the value of Nu. 7.29 million. However, in Q1 2021, both the volume and value of PoS transactions significantly decreased by 68.60 percent and 71.15 percent respectively. In Q2 2022, the transaction volume decreased by 53.02 percent whereas the value increased by 34.07 percent. The decline in POS transactions could be attributed to the COVID-19 pandemic, as it may have led to reduced consumer spending and an increase in online shopping, resulting in fewer in-person transactions.

## i) Paper Cheque

Graph 19: Paper Cheque Transaction (Volume & Value -Q2 for 2020, 2021, 2022 and 2023)

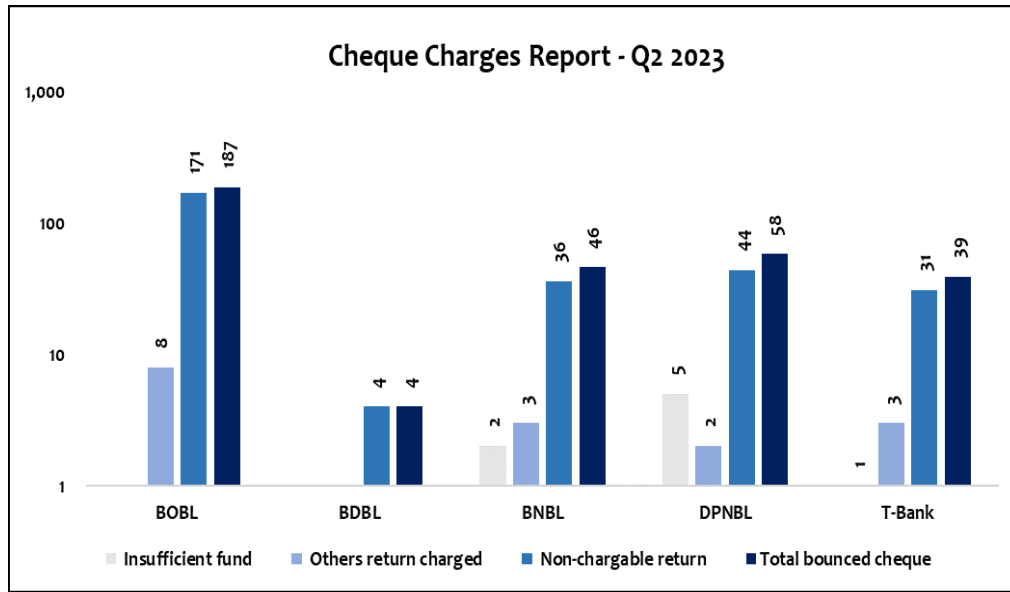


The cheque transaction experienced fluctuations over the past four quarters both in terms of volume and value. In Q2 2023, transaction volume has decreased to 123.10 thousand whereas value has increased to Nu. 66.60 billion.

The transaction volume and value have decreased from Q2 2020 to Q2 2021 by 21.70 percent and 7.95 percent respectively. In Q2 2022, volume has increased to 124.46 thousand whereas value has increased to Nu. 59.88 billion as compared to the same quarter of the previous year.

The decrease in cheque transactions could be attributed to various factors such as online banking, mobile payments, and digital wallets, which have gained popularity due to their convenience and speed.

**Graph 20: Bounced cheque report -Q2 2023**

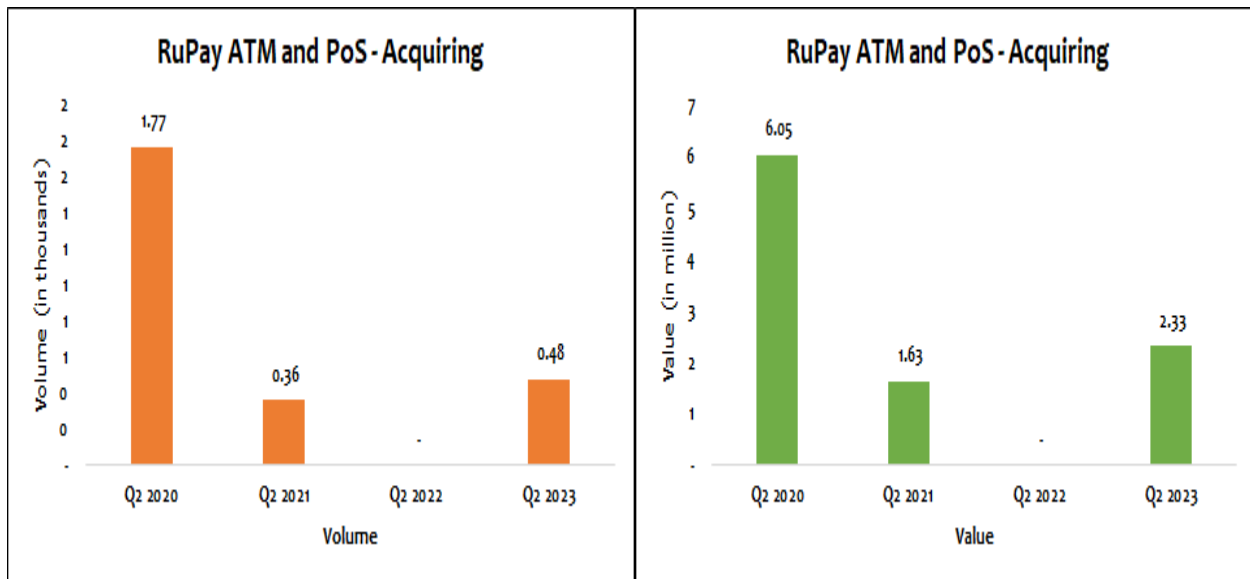


During the 2<sup>nd</sup> quarter, a total of 334 cheques were bounced out of which, 8 cheques were charged to the customer for their insufficient balance and 16 cheques were charged to the banks for their failure to do due diligence. The maximum number of cheques were returned because of the invalid account number, cheques belonging to a different account, endorsement missing, drawers signing differently, etc.

# REGIONAL PAYMENT TRANSACTIONS (Q2,2023)

## a) RuPay Acquiring

Graph 21: RuPay Acquiring Transaction (Volume & Value -Q2 of 2020, 2021, 2022 and 2023)

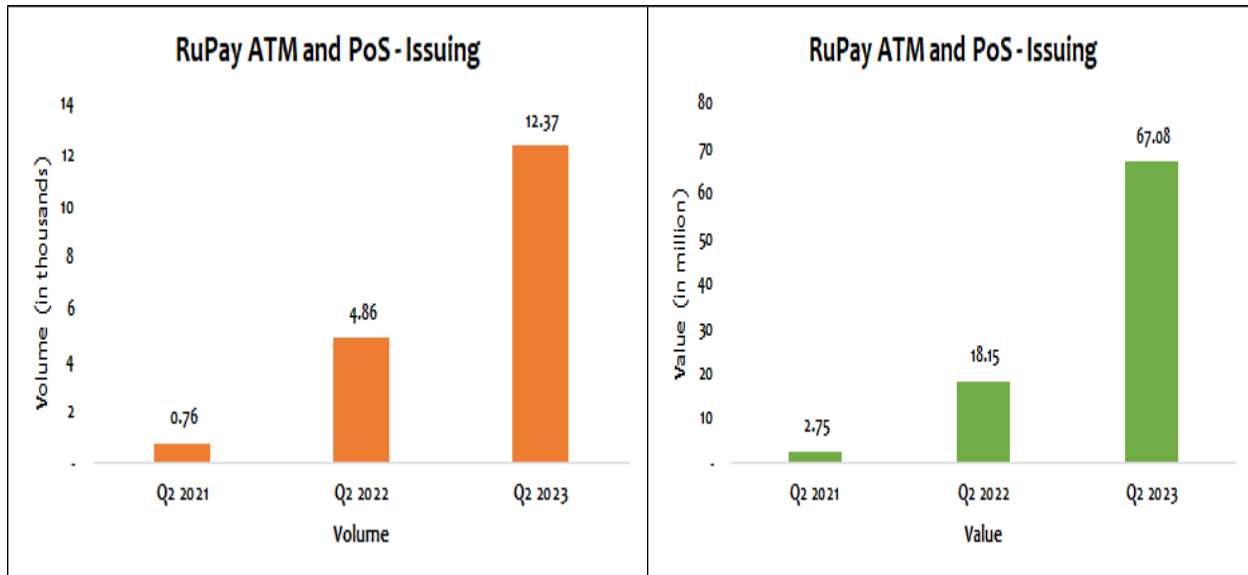


RuPay Acquiring allows Indian nationals to withdraw cash and make payments through all Bhutan ATMs and PoS terminals. The graph below provides insights into the usage of RuPay cards for cash withdrawals (ATMs) and purchases (POS) over the specified quarters.

In Q2 2023, RuPay acquiring recorded a total transaction volume of 476 amounting to the value of Nu, 2.33 million. However, due to the closure of the national border, no transactions were recorded in Q2 2022. From the graph above, it can be observed that both transaction volume and value for RuPay ATM and PoS acquiring experienced a notable decrease from Q2 2020 to Q2 2021. During this quarter, transactions were recorded due to the reopening of the national borders and also indicating a recovery from the pandemic.

## b) RuPay Issuing

Graph 22: RuPay Issuing Transaction (Volume & Value -Q2 for 2021, 2022 and 2023)



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

In Q2 2023, the transaction volume recorded was 12.37 thousand against the value of Nu. 67.08 million which was an increase of 154.39 percent and 269.61 percent respectively compared to the same quarter of the previous year. This sharp increase in transactions is due to the reopening of the national border.

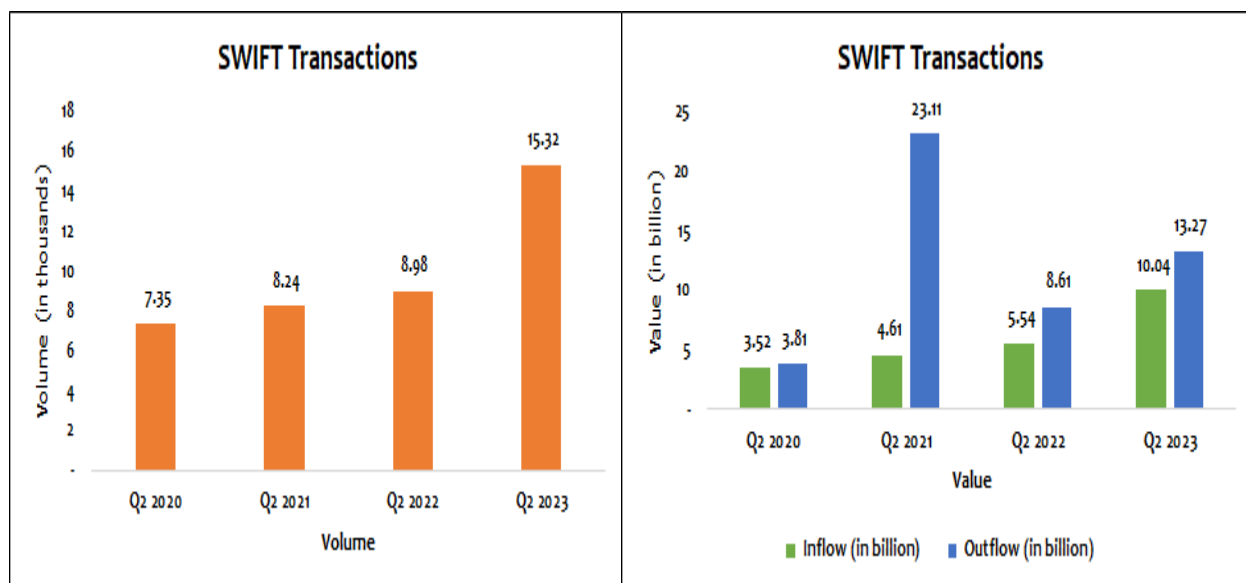
As indicated in the graph above, RuPay issuing has been increasing sharply since its introduction in 2020. In Q2 2022, transaction volume and value increased by 539.03 percent and 559.95 percent respectively. During the 2<sup>nd</sup> quarter of 2023, a total of **1,158** cards were issued.



# INTERNATIONAL PAYMENT TRANSACTIONS (Q2,2023)

## a) SWIFT Transactions through the banks

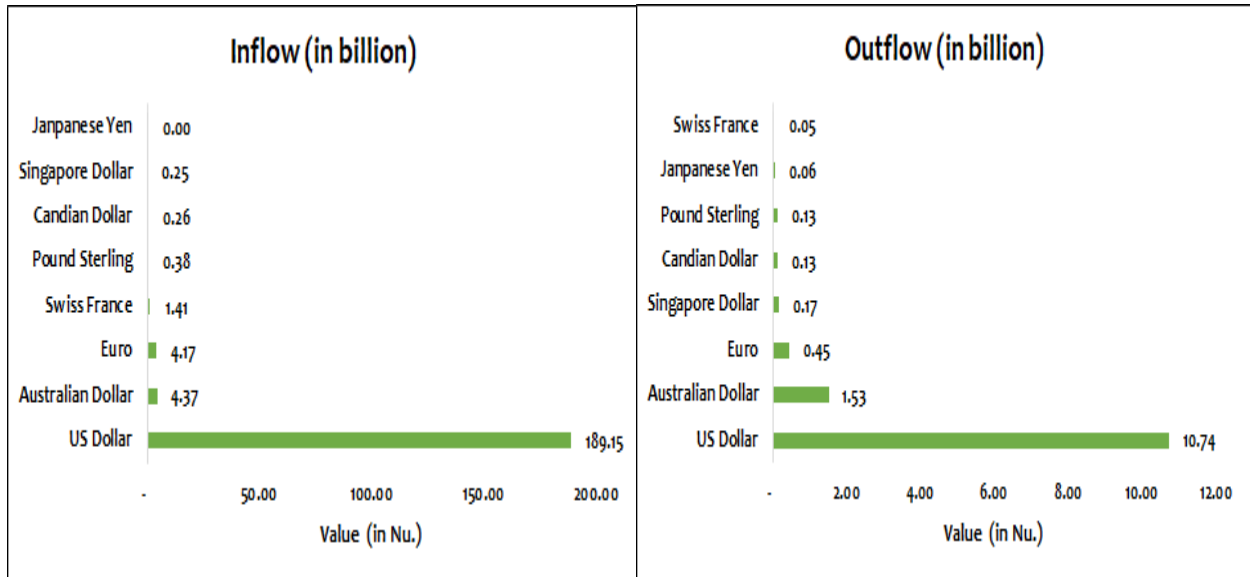
Graph 23: Member Bank SWIFT Transaction (Volume & Value -Q2 for 2020, 2021, 2022 and 2023)



The Society for Worldwide Interbank Financial Telecommunication (SWIFT) System was founded in 1973 and Bhutan joined its member in 2005 for sending messages for all international transactions carried out by RMA and member banks.

In Q2 2023, the transaction volume has increased drastically to 15.32 thousand from 8.98 thousand in Q2 2022 which is an increase of 70.55 percent. In terms of SWIFT inflow, there was an increase from Nu. 5.54 billion to Nu. 10.04 billion in Q2 2023 from Q2 2022 which is an increase of 81.13 percent. This sharp increase is attributed to revamped incentives on the inward remittance scheme which was launched on June 14, 2023. In terms of outflow, the transaction value has also increased from Nu. 8.61 billion in Q2 2022 to Nu. 13.27 billion in Q2 2023, which is an increase of 54.01 percent.

**Graph 24: SWIFT inflow and outflow currency-wise for Q2 2023 (Value)**

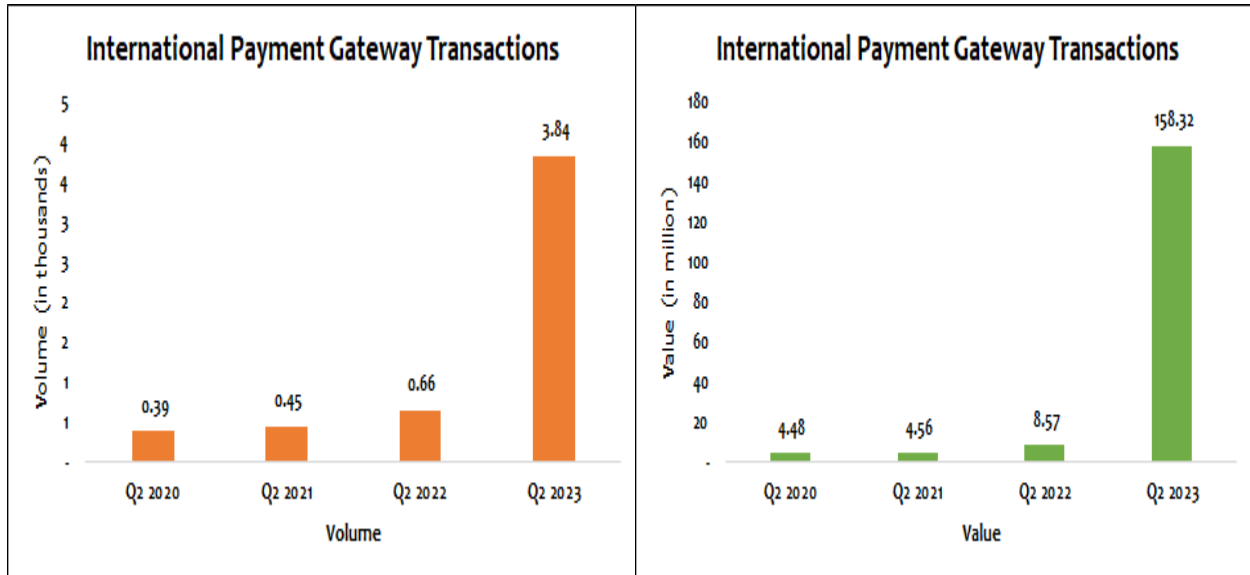


The highest transacted currency is the US dollar with 10,303 followed by the Australian dollar with 3,148 transactions and EURO with 936 transactions. These three currencies also recorded the highest transaction value as indicated in the graph above.

## b) International Payment Gateway (IPG)

The International Payment Gateway (IPG) is a platform to acquire card payments made in USD and INR. Currently, only two financial institutions, BOBL and BNBL provide IPG services in Bhutan. The number of transactions processed through the payment gateway has been steadily increasing over time. This trend suggests that the gateway is gaining popularity and more users are utilizing it for international transactions.

**Graph 25: IPG Transaction (Volume & Value -Q2 for 2020,2021, 2022 and 2023)**

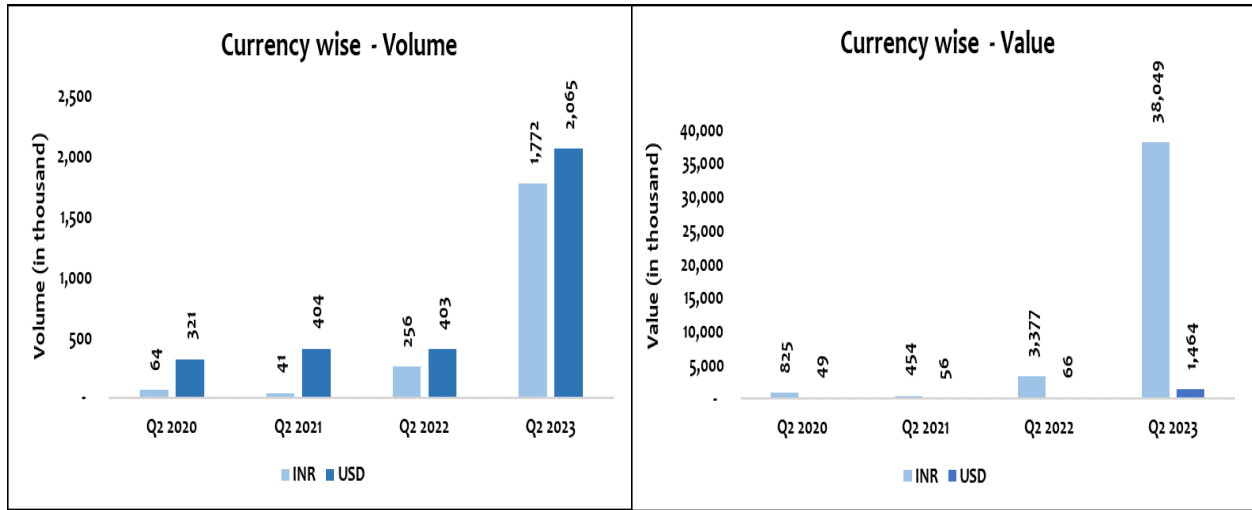


In Q2 2023, the transaction volume increased significantly to 3,837 from 659 in Q2 2022. Similarly, the transaction value has increased from Nu. 8.57 million in Q2 2022 to Nu. 158.32 million in Q2 2023. The most notable trend is the exceptional growth in both volume and value in Q2 2023. The volume increased nearly sixfold compared to the previous quarter.

In Q2 2021, the IPG transaction volume and value increased by 15.58 percent and 1.88 percent respectively as compared to the same quarter of the previous year. Similarly, in Q2 2022, the volume and value increased by 48.09 percent and 88.0 percent respectively.

The total value of transactions has been increasing at a higher rate compared to the volume. This indicates that the average value per transaction has been increasing over time, possibly due to larger transactions being processed through the gateway.

**Graph 26: IPG transactions (volume and value) in USD and INR for Q2 for 2020, 2021, 2022 and 2023.**



In terms of INR, the volume has increased from INR 256 thousand in Q2 2022 to 1,772 thousand during Q2 2023. Similarly, the value has also increased from INR 3.34 million to INR 38.04 million in Q2 2023 as compared to the previous year.

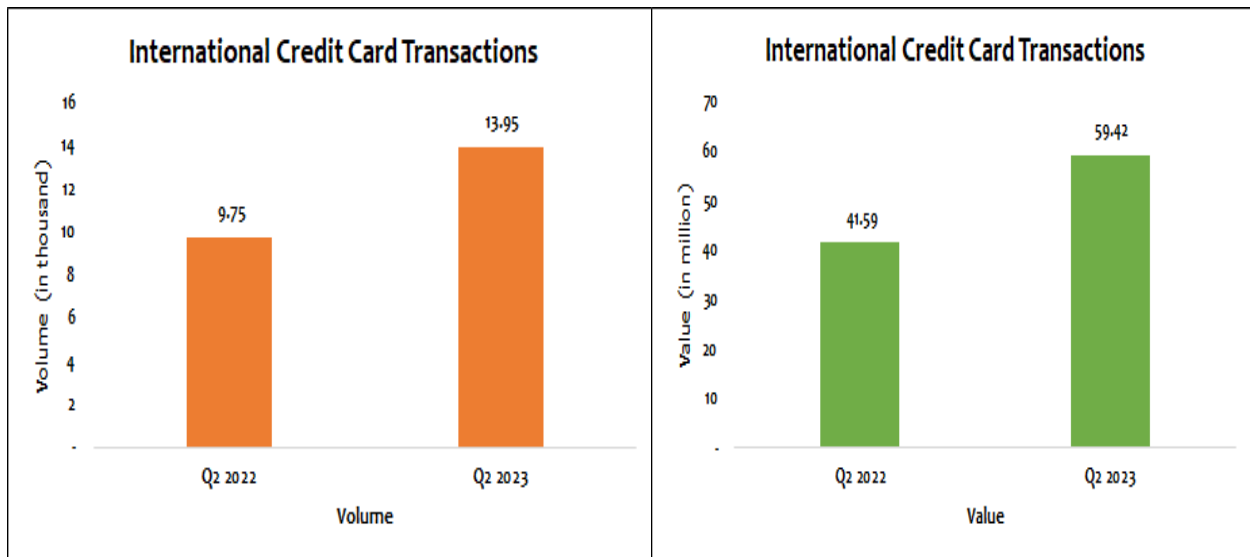
In terms of USD, both the transaction volume and value have increased as compared to the same quarter of the previous year. The volume has increased from 403 thousand in Q2 2022 to 2,065 thousand in Q2 2023. The value has increased from USD 66 thousand to USD 1,464 thousand in Q2 2023.

## c) International Card (Issuing)– International Credit Card

An international credit card is a payment card that users can use for purchases and cash advances around the world. It gives access to shopping online, splurging, or spending as users want while traveling around the world.

**Graph 27: International Credit Card transactions (Volume & Value -Q2 for 2022 and 2023)**

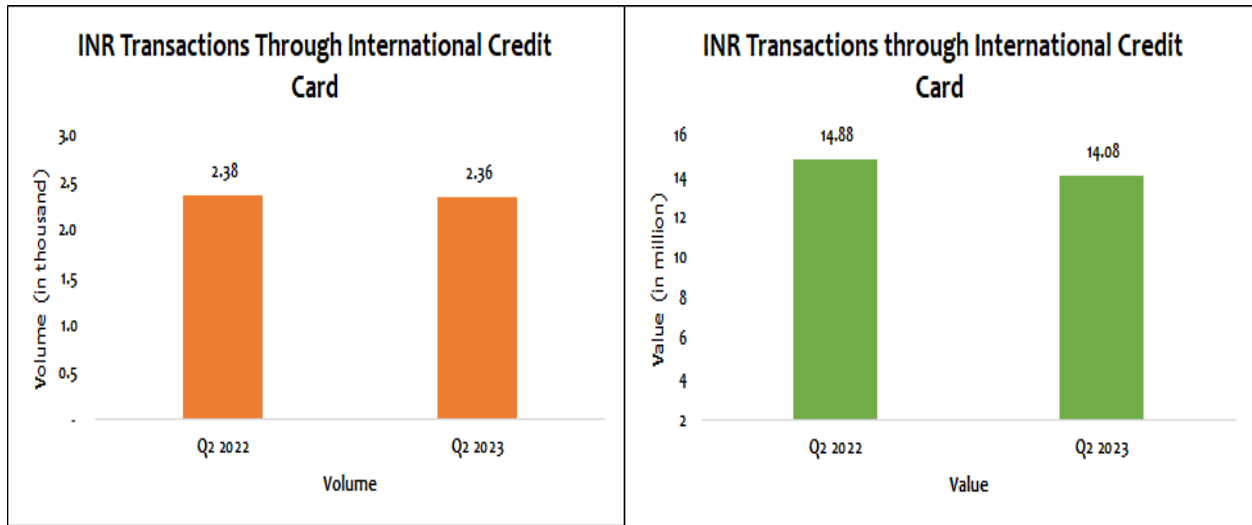
**Note: the below data is exclusively for convertible currencies.**



In Q2 2023, both the transaction volume and value increased compared to the same quarter of the previous year. In terms of volume, it has increased by 43.10 percent from 9.75 thousand in Q2 2022 to 13.95 thousand in Q2 2023. In terms of value, it has increased from Nu. 41.59 million in Q2 2022 to Nu. 59.42 million in Q2 2023, which is an increase of 42.86 percent.

The graph indicates a positive trend in international credit card usage, both in terms of volume and value. This could be an indicator of economic growth, increased international travel, and a growing preference for using credit cards for cross-border transactions. The steady growth in both volume and value suggests that there is a potential for further expansion of credit card usage in international transactions. This growth may lead to more investment and innovation in the international credit card industry, as companies seek to cater to the increasing demand for cross-border payment solutions.

**Graph 28: INR Transactions through International Credit Card (Volume & Value -Q2 for 2022 and 2023)**



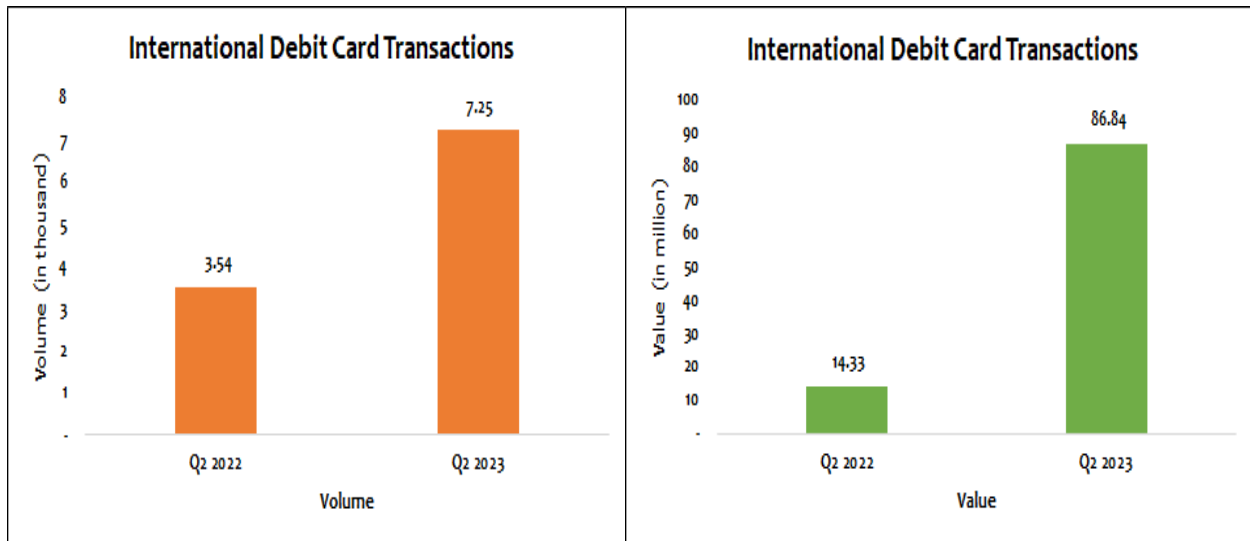
The graph above shows the INR transactions through international credit cards in Q2 2022 and Q2 2023. The INR transactions are made through ATMs and PoS. In Q2 2023, the volume decreased by 0.84 percent from 2,379 in Q2 2022 to 2,359. Meanwhile, the value has decreased by 5.42 percent from INR 14.88 million to INR 14.08 million in Q2, 2023

## c) International Card (Issuing) – International Debit Card

An international debit card is a payment card that allows users to access funds in the bank account to make purchases or withdraw cash from any ATM terminal connected to Visa Network for cash withdrawal.

**Graph 29: International Debit Card transactions (Volume & Value -Q2 for 2022 and 2023)**

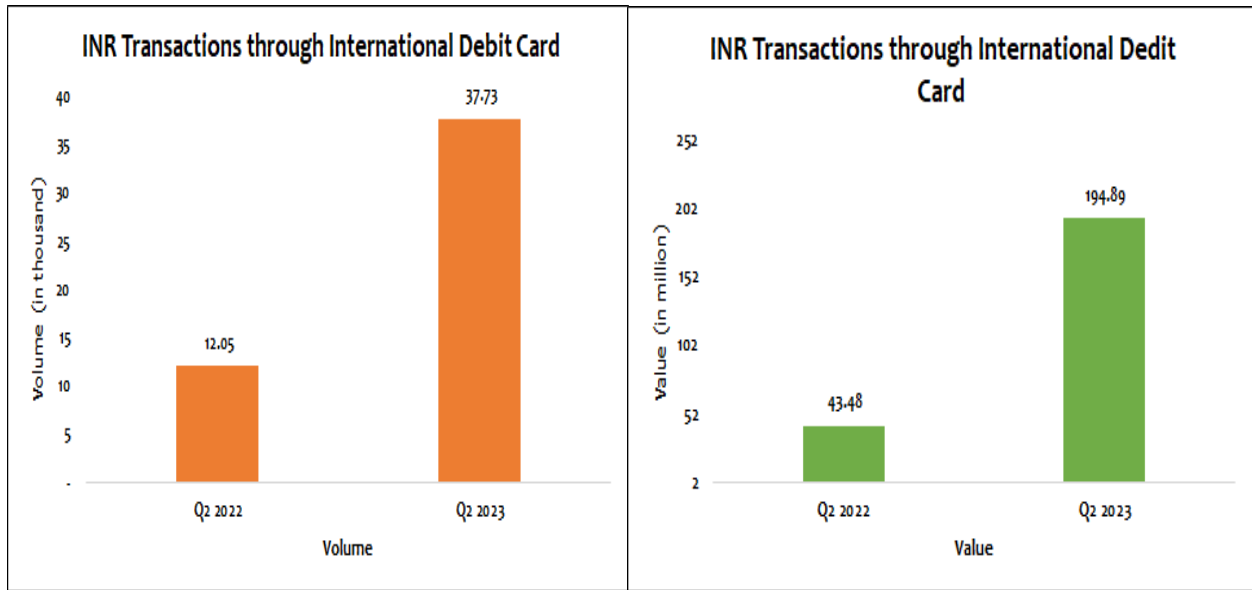
**Note: The below data is exclusively for convertible currencies**



The number of international debit card transactions has experienced significant growth over the two quarters. In Q2 2023, the volume more than doubled, increasing from 3.54 thousand in Q2 2022 to 7.25 thousand in Q2 2023. This indicates a robust adoption of debit card usage for cross-border transactions.

The total value of international debit card transactions has shown an extraordinary surge over the two quarters. In Q2 2022, the total value was Nu. 14.33 million, which skyrocketed to Nu. 86.84 million in Q2 2023. This represents a substantial growth rate in transaction value and indicates that the average transaction value has increased significantly.

**Graph 30: INR Transactions through International Debit Card (Volume & Value -Q2 for 2022 and 2023)**



The graph above shows the INR transactions through international debit cards in Q2 2022 and Q2 2023. The INR transactions are made through ATMs and PoS. In Q2 2023, the volume increased by 213.25 percent from 12.05 thousand in Q2 2022 to 37.73 thousand. Meanwhile, the value has also increased 348.20 percent from INR 43.48 million to INR 194.89 million in Q2, 2023.

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