

Q3

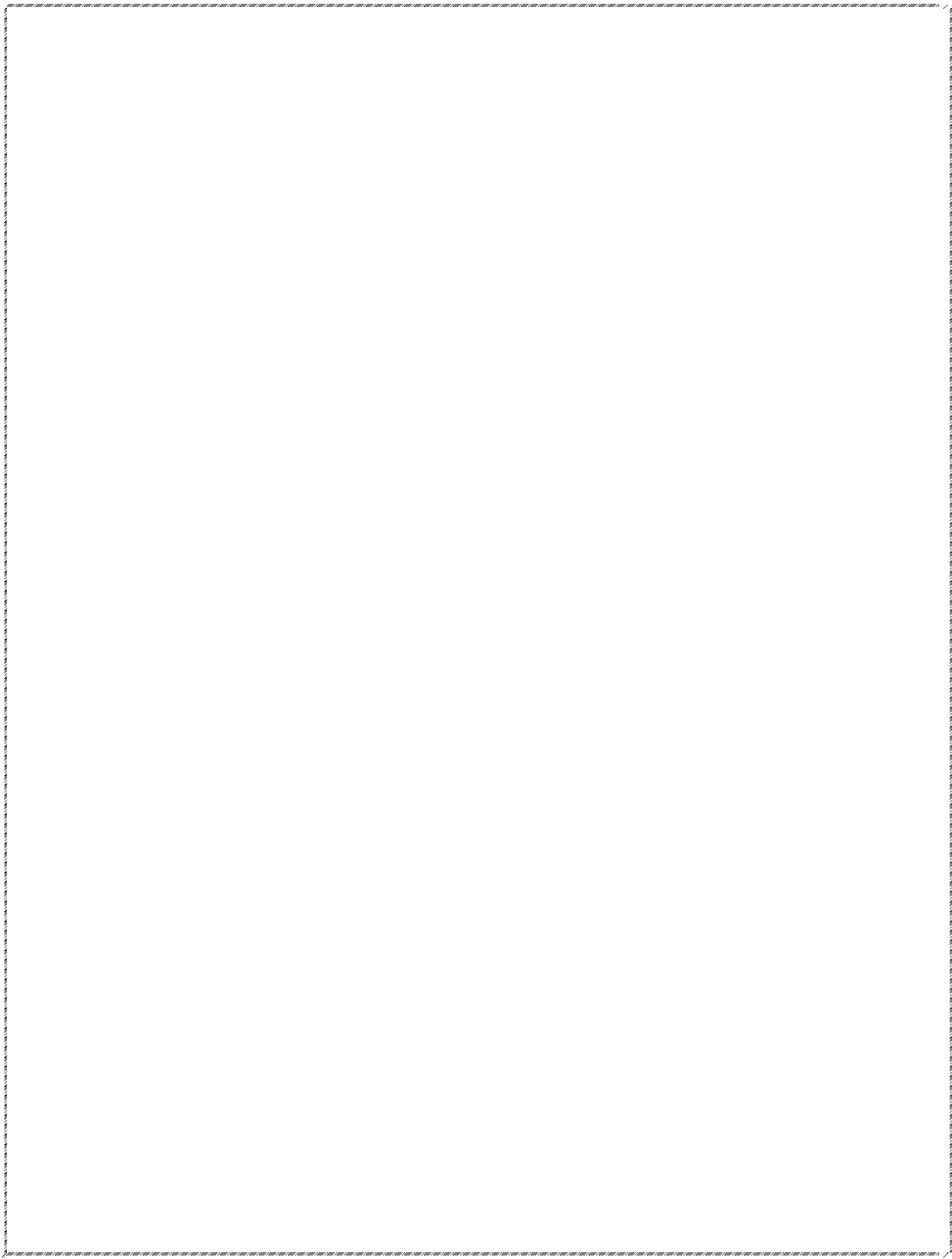


Quarterly Payment System Report

Q3, 2022

(July–September)

Department of Payment and Settlement Systems.



PREFACE

We are delighted to share the **quarter 3, 2022** report. The report highlights the outlook of digital payment channels – in terms of volume, value, usage, and users observed in the first quarter (July 2022 – September 2022). The report also shows the performance in comparison to the same quarter of the previous year (Q3, 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 (Q3, 2022)

VOLUME & VALUE OF DOMESTIC PAYMENT TRANSACTIONS –2022 Q3 IN FOCUS



Mobile & Internet Banking

37.22 million
transactions amounting to
Nu. **121.04** billion
Both volume and value **↑**



QR Code Payments

21.07 million
transactions amounting to
Nu. **18.64** billion
Both volume and value **↑**



Wallets

1.67 million
transactions amounting to
Nu. **497.68** million
Both volume and value **↑**



Domestic Payment Gateway

740.84 thousand
transactions amounting to
Nu. **393.01** million
Both volume and value **↓**

VOLUME & VALUE OF DOMESTIC PAYMENT TRANSACTIONS –2022 Q3 IN FOCUS



Electronic Fund Transfer

74.41 thousand transactions amounting to

Nu. **21.22** billion

Volume ↑

Value ↓



Card - ATM & POS

0.55 million transactions amounting to

Nu. **2.53** billion

Both volume and value ↓



Cheque

116.84 thousand transactions amounting to

Nu. **45.80** billion

Both volume and value ↓

VOLUME & VALUE OF CROSS – BORDER PAYMENT TRANSACTIONS – 2022 Q3 IN FOCUS



Acquirer

No Transactions



Issuer

6.99 thousand
Transactions amounting
to INR 26.47 million
Both volume and value ↑

SWIFT

11,745 Transactions
Both volume and value ↑



International Payment
Gateway

1,541 Transactions
amounting to
Nu. 8.04 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 July to September 2022. It also shows the comparison of these transactions with the same quarter of the previous year, Q3 2021.

Table 1: Payment Transaction Comparison – Q3 2021 and Q3 2022.

Instrument	Q3, 2021		Q3,2022		% Change	
	Volume (thousands)	Value (millions)	Volume (thousands)	Value (millions)	Volume (thousands)	Value (millions)
Paper-Cheques	120.36	77,162.41	116.84	45,801.03	-2.93%	-40.64%
Mobile & Internet Banking	31,484.06	93,061.54	37,218.53	121,035.19	18.21%	30.06%
QR Code Payments	10,644.47	9,992.93	21,070.73	18,644.92	97.95%	86.58%
Payment Gateway	745.46	524.77	740.84	393.01	-0.62%	-25.11%
Wallets	667.75	243.34	1,668.23	497.68	149.83%	104.52%
Electronic Fund Transfer	63.40	21,281.07	74.41	21,220.02	17.38%	-0.29%
ATM	945.52	3,720.94	545.61	2,532.16	-42.30%	-31.95%
PoS	0.38	1.65	0.98	20.73	160.00%	1157.80%
Domestic Payment	44,671.38	205,988.65	61,436.16	210,144.74	37.53%	2.02%
RuPay ATM & PoS Acquiring	0.37	1.47	-	-	-100.00%	-100.00%
RuPay ATM & PoS Issuing	1.80	7.35	6.99	26.47	289.30%	260.10%
Regional Payment	2.17	8.83	6.99	26.47	222.62%	199.97%
SWIFT -Inflow	8.42	76.48	11.75	93.94	39.44%	22.83%
SWIFT -Outflow		149.55		219.49		46.76%
International Payment Gateway (IPG)	2.20	0.69	1.54	8.04	-29.89%	1064.15%
International Payments	10.62	226.73	13.29	321.47	25.09%	41.79%

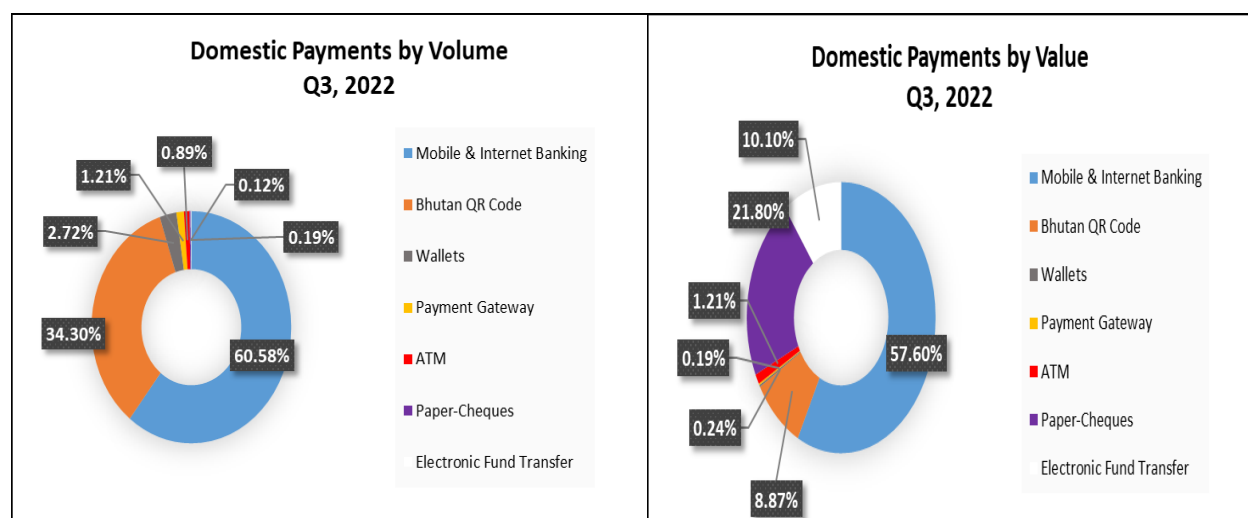
As compared to the third quarter 2021:

- Domestic payments saw an overall increase of 37.53% by volume and 2.02% by value.
- Regional payments saw an overall increase of 222.62% by volume and 199.97% by value. This increase is mainly because of the increase in RuPay issuing transactions. There was no RuPay acquiring transactions recorded in the third quarter 2022.
- International payments saw an overall increase of 25.09% by volume and 41.79% 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 **61.44 million** transactions comprising of intra and interbank domestic transactions worth **Nu.210.14 billion** during the 3rd quarter, 2022. There is an increase of 37.53% by volume and 2.02% by value as compared to the third quarter, 2021. The increase in both volume and value of the domestic payments in the third quarter 2022, is mainly contributed by an increase in the transactions of PoS, wallets and QR code payments. The PoS transactions saw an increase of 160% by volume and 1157.80% by value amounting to Nu. 19.80 million. The wallets transaction saw an increase of 149.83% by volume and 104.52% by value amounting to Nu. 254.34 million. The QR Code payments saw an increase of 97.955 by volume and 86.585 by value amounting to Nu. 8.65 billion.

Pie chart 1: Domestic Payment Transaction – Q3, 2022.



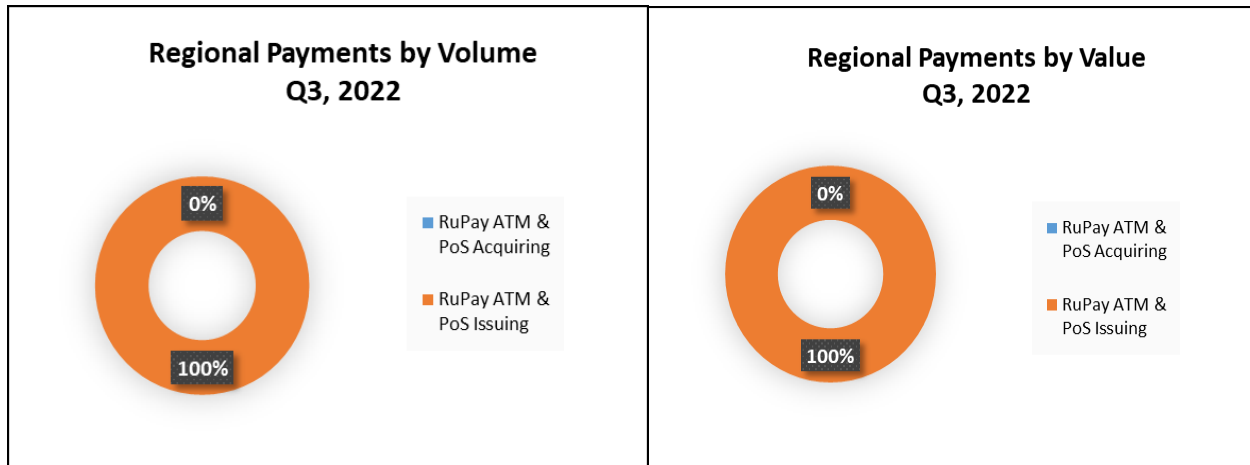
In the Q3 2022, mobile and internet banking dominated the domestic payment space followed by QR code payment in terms of volume and in terms of value, it is followed by paper cheques and electronic fund transfer.

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

REGIONAL PAYMENTS

Regional payments include RuPay card transactions through the ATM and PoS terminal in India and Bhutan. During the 3rd quarter 2022, a total of **6,988** regional payments amounting to **Nu. 26.47 million** were transacted. However, there were **no acquiring transactions** recorded.

Pie chart 2: Regional Payment Transaction – Q3, 2022.

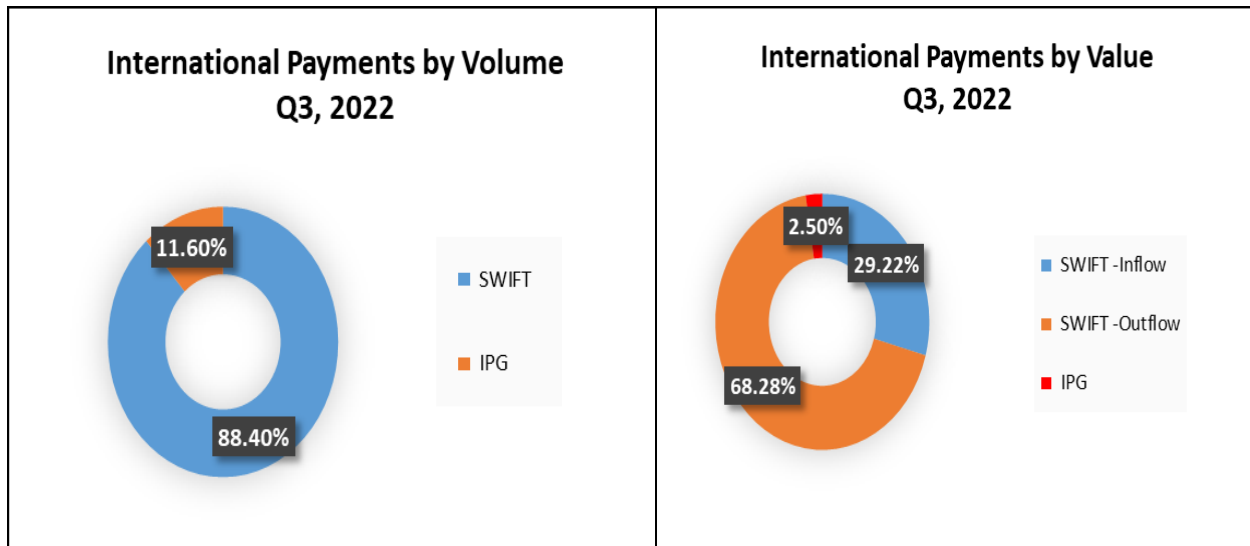


INTERNATIONAL PAYMENTS

International payments contain the SWIFT and International Payment Gateway (IPG) transactions made from the banks. During the 3rd quarter 2022, international payments recorded **13,286** transactions of value **321.47 million**. There is an increase of 25.09% by volume and 41.79% by value as compared to the same quarter of the previous year.

The IPG recorded **1,541** transactions while the SWIFT recorded a total of **11,475** transactions.

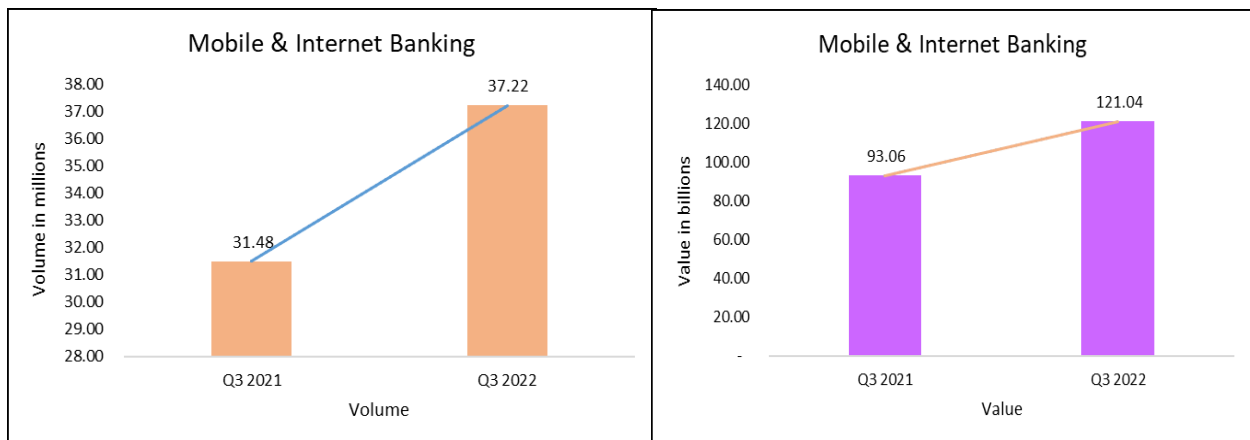
Pie chart 3: International Payment Transaction – Q3, 2022.



DOMESTIC PAYMENT TRANSACTIONS (Q3, 2022)

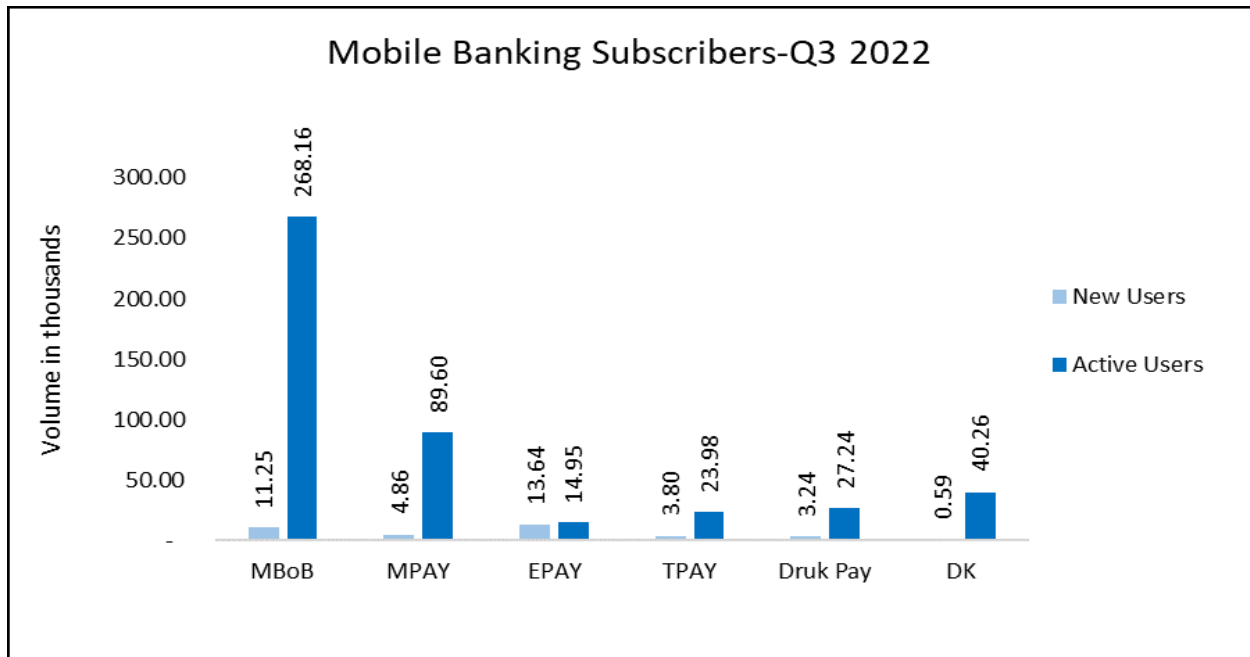
a) Mobile and Internet Banking

Graph 1: Mobile and Internet Banking Transaction (Volume & Value -Q3, 2021 and Q3, 2022)



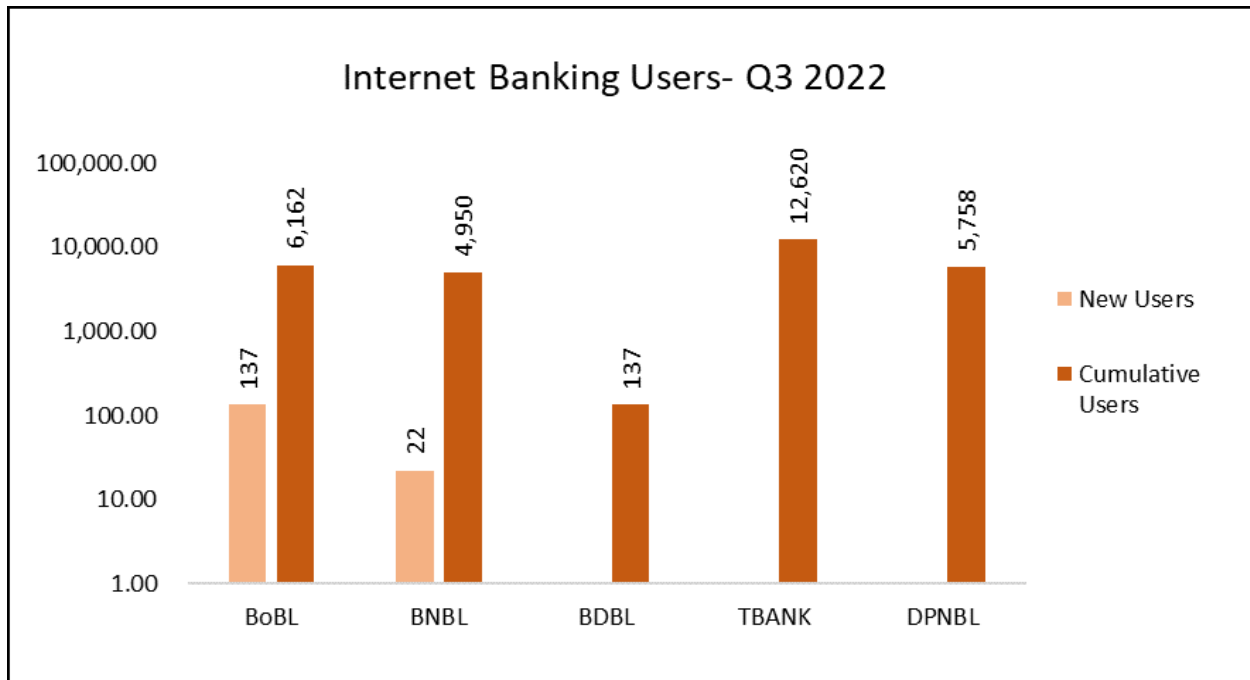
During the 3rd quarter 2022, **37.22 million** transactions worth **Nu. 121.04 billion** were processed through the banks mobile banking app and the internet banking. When compared to the same quarter of the previous year, there is an increase of 18.21% and 30.06% by volume and value respectively. The average value of per transaction has increased from **Nu.2,955** per transaction in 3rd quarter 2021 to **Nu.3,252** per transaction in same quarter 2022.

Graph 2: Mobile Banking Subscribers -Q3,2022



From July to September 2022, **37.38 thousand** new users subscribed to use the mobile banking apps making the active number of mobile banking subscribers to **464,194** as of reporting date. The detailed bank wise subscription during the 3rd quarter, 2022 are shown above in the graph.

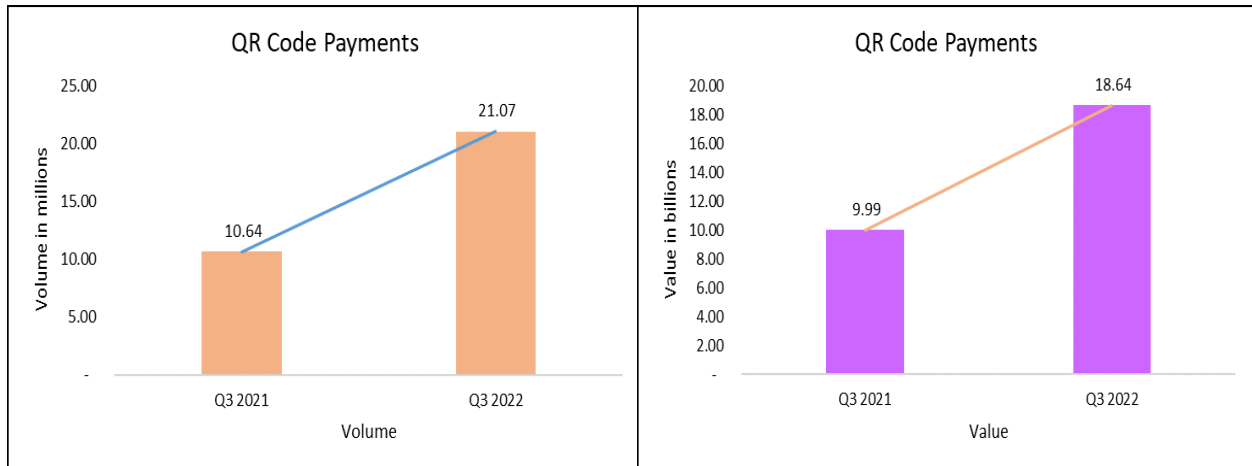
Graph 3: Internet Banking Subscribers -Q3,2022



For internet banking, **159** new users have subscribed during the third quarter taking the total internet banking users to **29,627** as of third quarter 2022.

b) Mobile Banking – QR Code Payments

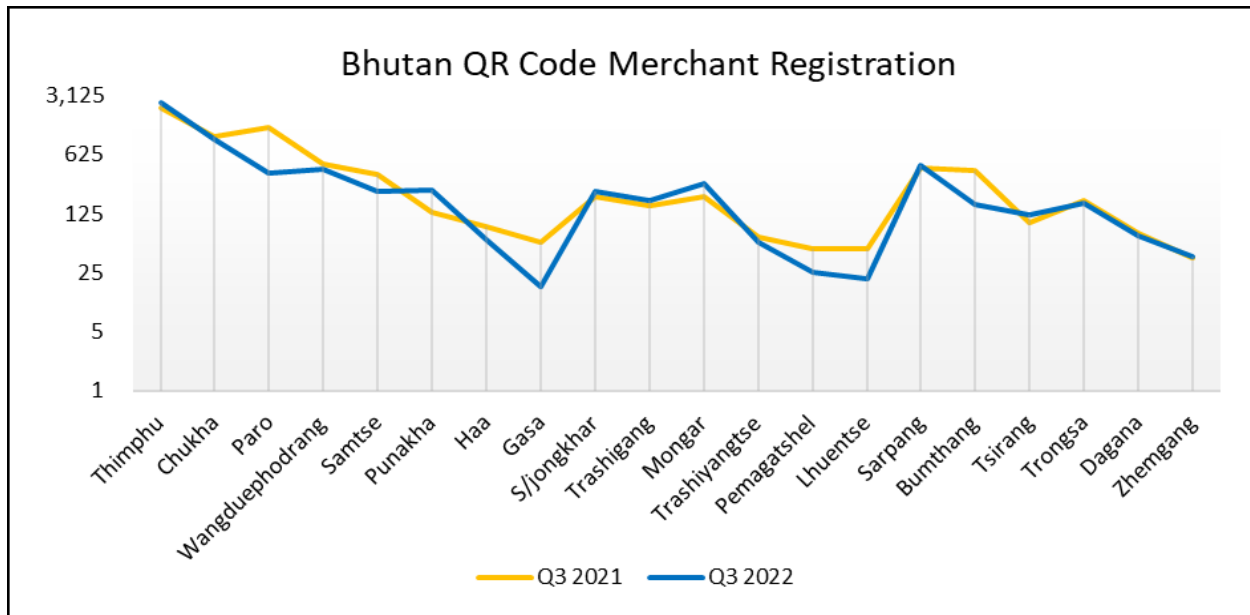
Graph 4: QR Code Payments (Volume & Value -Q3, 2021 and Q3,2022)



QR code payments saw a total of **21.07 million** transactions of value **18.64 billion** during the 3rd quarter 2022, equivalent to 56.61% of the mobile banking transactions in terms of volume and 15.40% in terms of value. The transactions have increased by 97.95% by volume and 86.58% by value when compared to the same quarter of the previous 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) -Q3, 2021 & Q3, 2022



During the 3rd quarter 2022, the banks have onboarded **6,638** new QR code merchants taking the total QR issued till now to **54,261** which is an increase of **13.94%** compared to the total merchant registration as of 2nd quarter 2022. However, if we compare to same quarter of the previous year, there is a decrease of 13.57% in the Bhutan QR code merchant registration which is equivalent to 1,042 merchants.

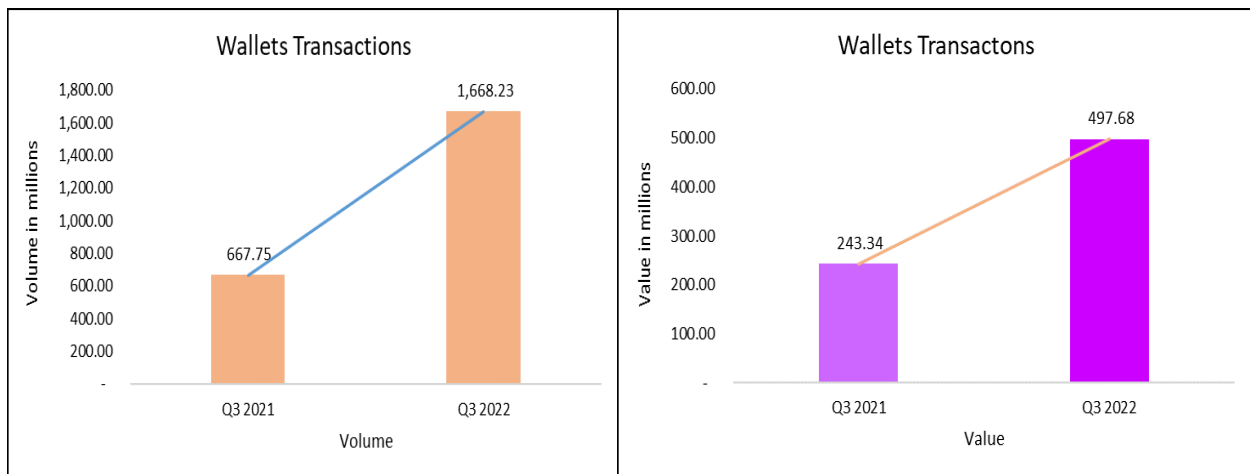
The drastic decrease was seen in Paro Dzongkhag with 251.47% drop. They have registered 1,311 QR Code merchants in the third quarter 2021 but it has reduced to 373 in same quarter 2022. This is followed by Gasa Dzongkhag and Bumthang Dzongkhag with 241.18% and 152.47% drop respectively. The decrease 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 2,532 new registrations as shown above in the graph 5, owing to the maximum merchant base.

c) Wallets

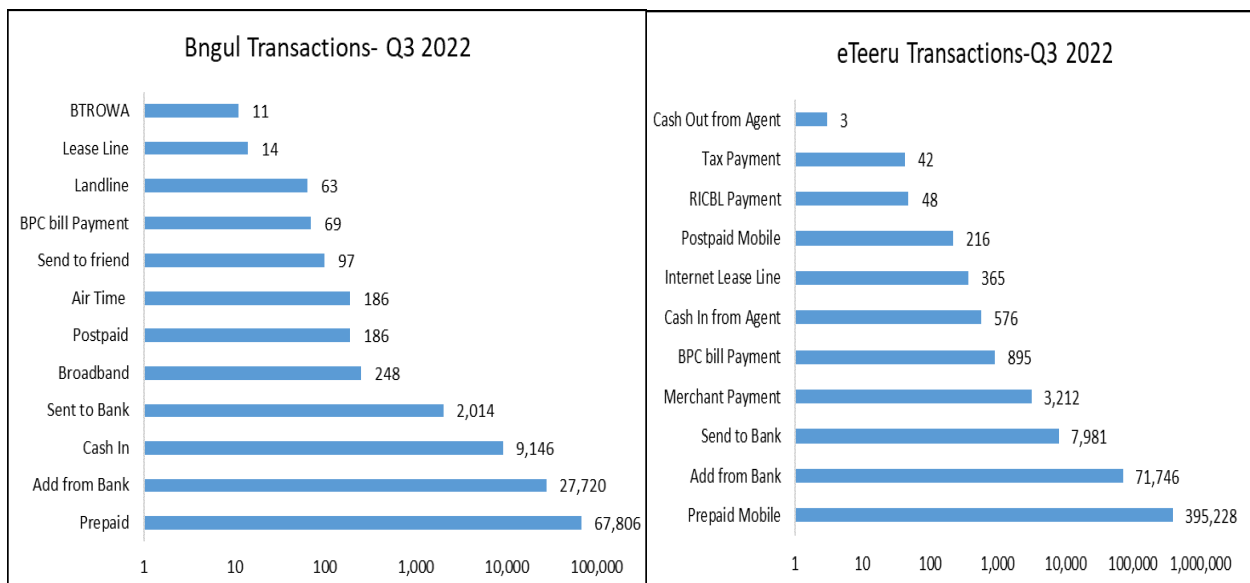
As of third quarter, 2022 Bhutan Telecom has onboarded **10** Bngul merchants with **89,102** users, Tashi Cell has onboarded **58,262** merchants for eTeeru with **86,407** users and BOBL has registered **142,342** goBoB users.

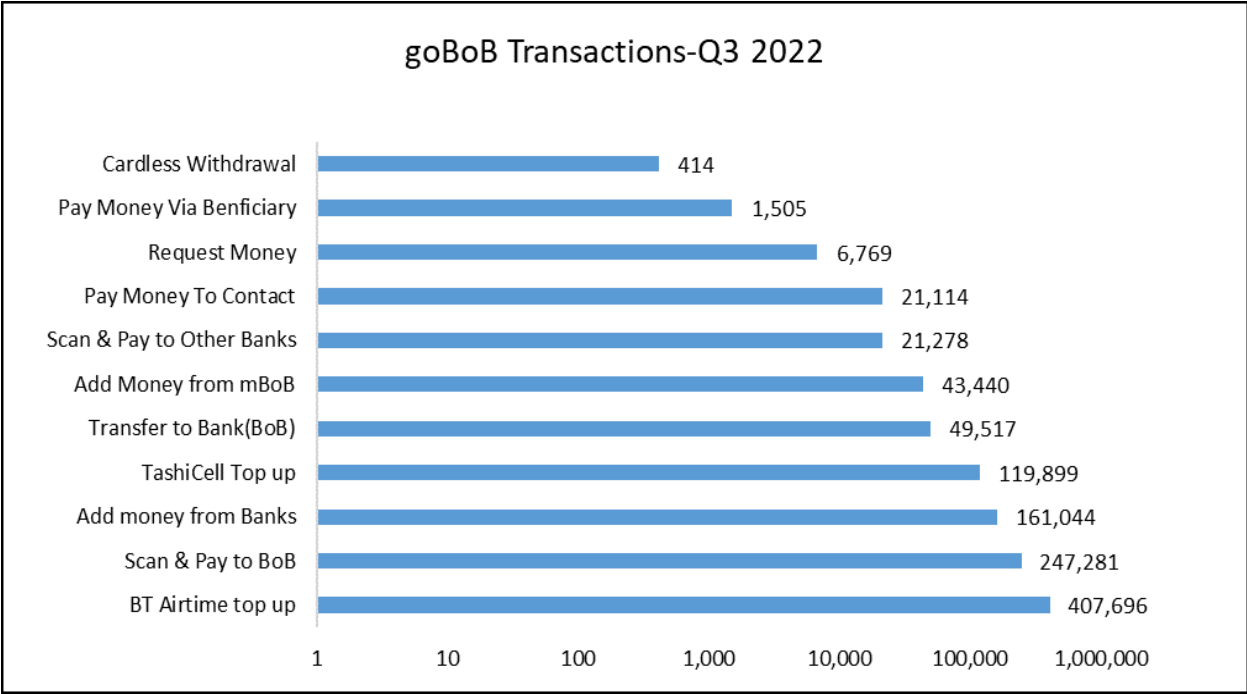
Graph 6: Wallets Transaction (Volume & Value -Q3 2021 and Q3 2022)



A total of **1.67 million** transactions worth **Nu. 497.68** million were transacted through the wallets during the 3rd quarter 2022. Wallet transactions have significantly increased by 149.83% and 104.52% by volume and value respectively as compared to the same quarter of the previous year. This could be due to addition of goBoB as one of the wallet service providers since November 2021.

Graph 7: Wallets Transaction (Volume) – Q3 2022



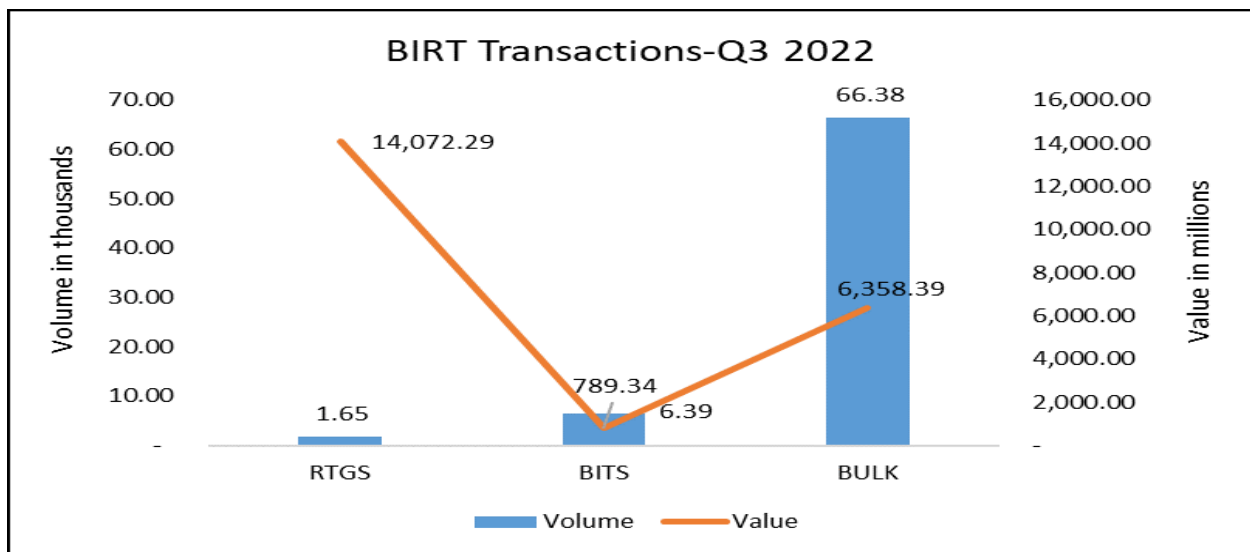


Most wallet transactions are observed to be done for availing telco services like recharges, followed by fund transfer and merchant payments. The goBoB transactions dominates the wallet transaction due to the easy interoperability with other wallet account, mobile numbers of both telcos, and most importantly bank accounts provided by BoBL maybe the factor for such diverse usage.

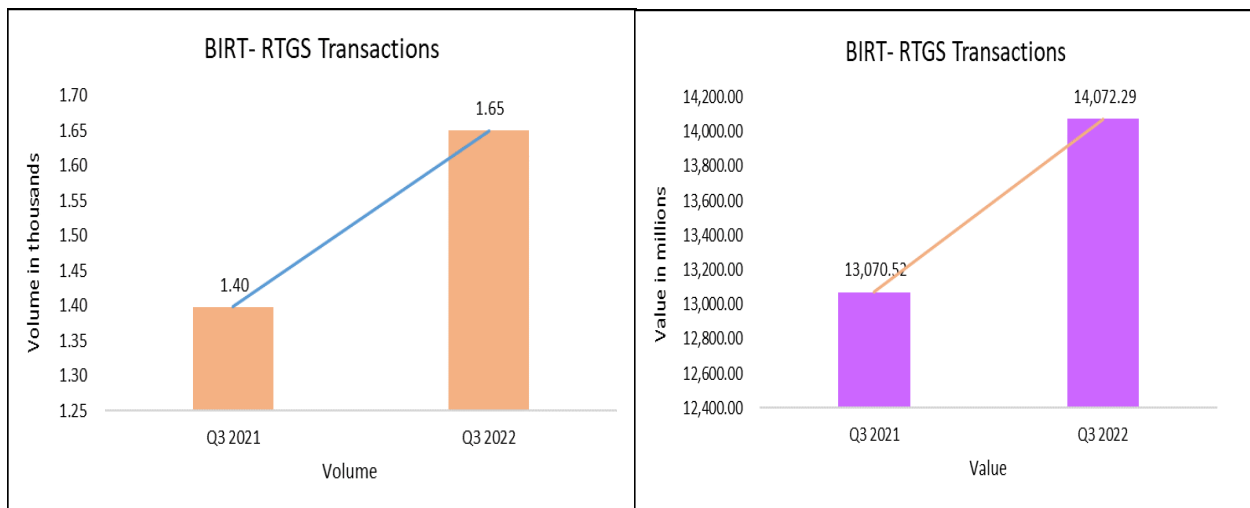
d) Electronic Fund Transfer – BIRT Fund Transfer System

During the 3rd quarter 2022, **74,414** transactions amounting to **Nu. 21.22 billion** were transacted through BIRT Fund Transfer System. The total BIRT transactions in the 3rd quarter 2022 has increased by 17.38% by volume but the value has decreased by 0.29% by value as compared to the same quarter of the 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 -Q3 2022)



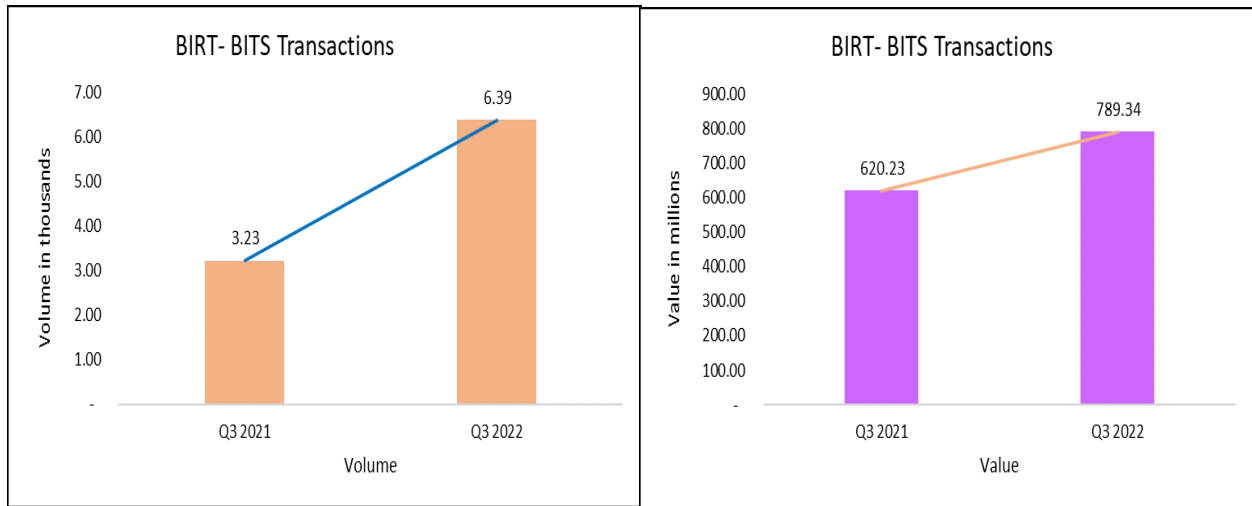
Graph 9: BIRT-RTGS Transaction (Volume & Value -Q3 2021 and Q3 2022)



BIRT RTGS allows real time fund transfer above Nu. 1m. During the 3rd quarter 2022, **1,650** transactions worth **Nu.14.07 billion** were transacted which is an increase in the volume by 18.03% and 7.66% by value as compared to the same quarter of the previous year.

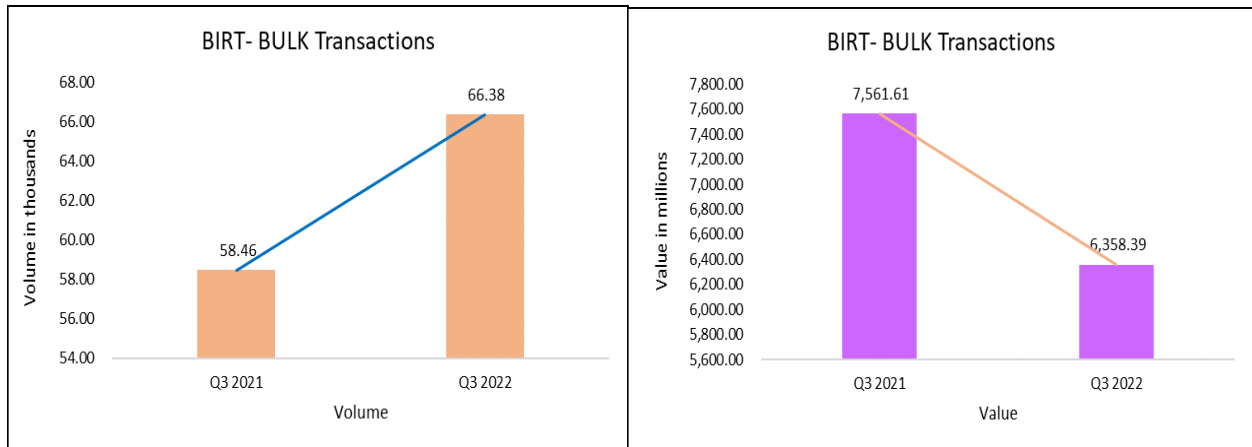
e) Domestic Payment Gateway

Graph 10: BIRT-BITS Transaction (Volume & Value -Q3 2021 and Q3 2022)



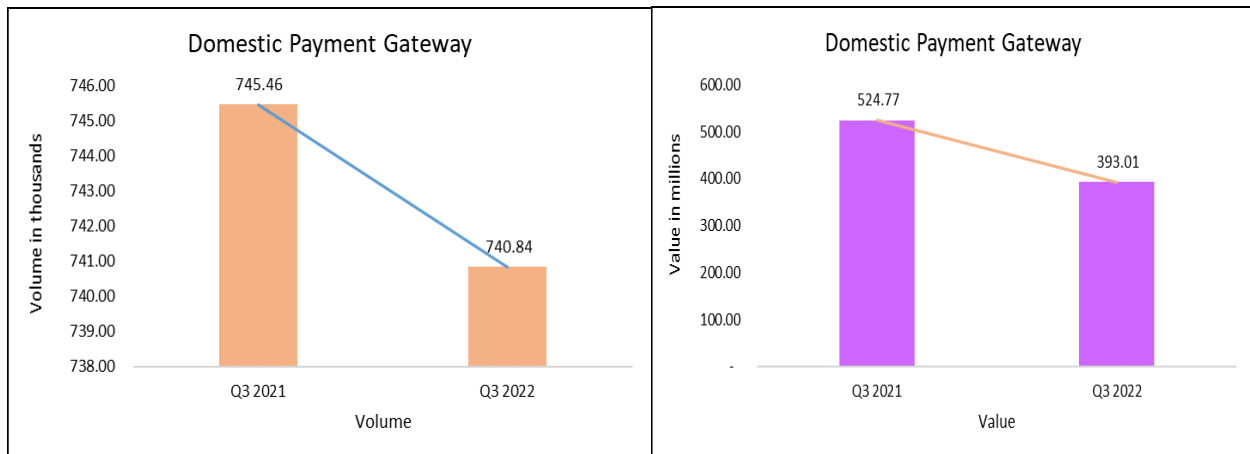
BIRT BITS permits the users to transfer funds below Nu. 1m in the batch settlement (10 transactions in a batch) in every 30 minutes. There was **6,388** transactions worth **Nu. 789.34 million** transacted in the 3rd quarter 2022. There is an increase of 98.02% by volume and 27.26% by value as compared to the same quarter previous year.

Graph 11: BIRT-BULK Transaction (Volume & Value -Q3 2021 and Q3 2022)



Likewise, **BIRT BULK** allows single debit and multiple credits for the users. In 3rd quarter 2022, there was **66,376** BULK transactions amounting to **Nu. 6.36 billion**. It is an increase in terms of volume by 13.54% were as decrease in the value by 15.91% as compared to the same quarter of the previous year.

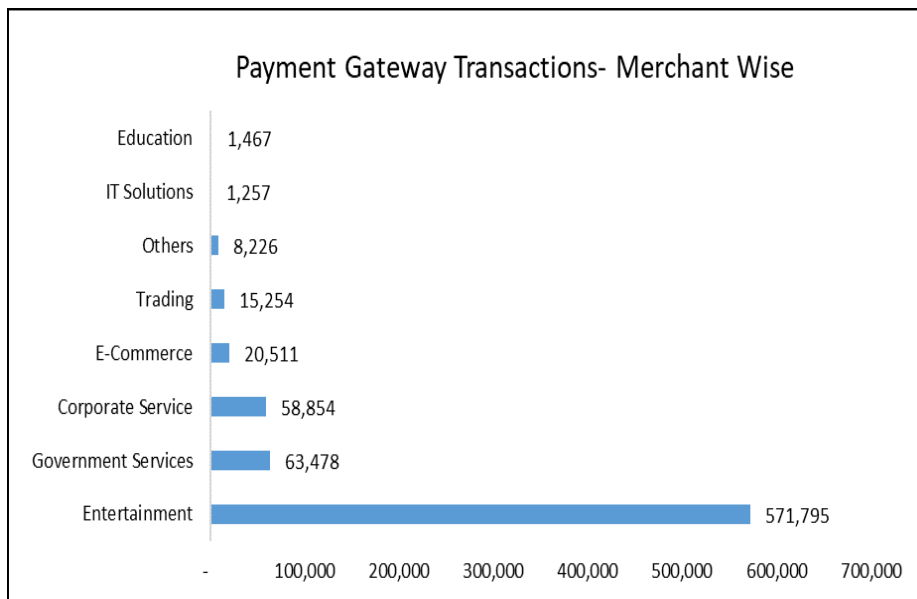
Graph 12: Payment Gateway Transaction (Volume & Value -Q3 2021 and Q3 2022)



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, **740,840** transactions amounting to **Nu.393.01** million were transacted. In comparison to the same quarter of the previous year, there is decrease both in terms of volume and value by 0.62% and 25.11% respectively.

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

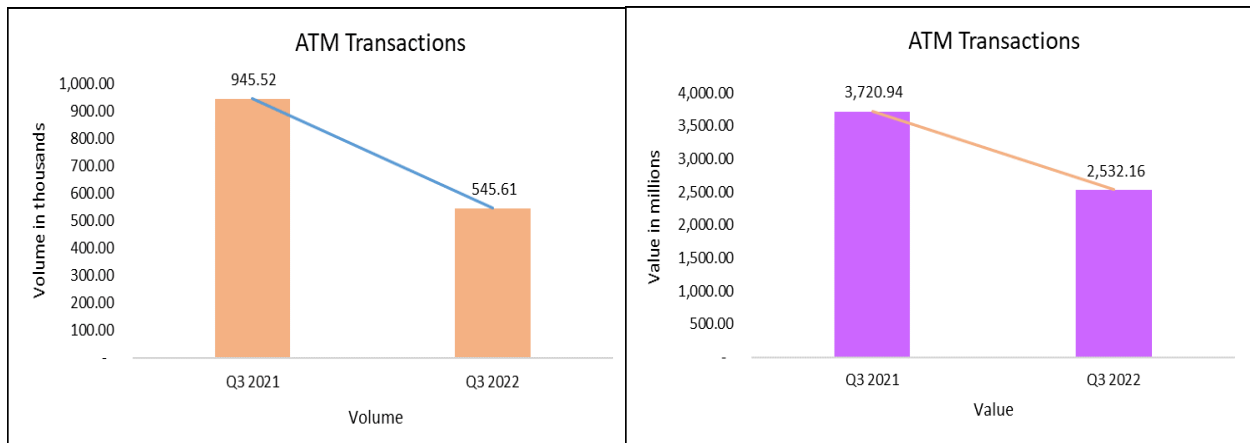
Graph 13: Domestic PG Transactions- Merchants Wise -Q3 2022



There are a total of **82** registered merchants in the domestic PG portal as of September 2022, out of which 61 merchants are active while the services are blocked for 20 merchants and 1 seasonal blocked.

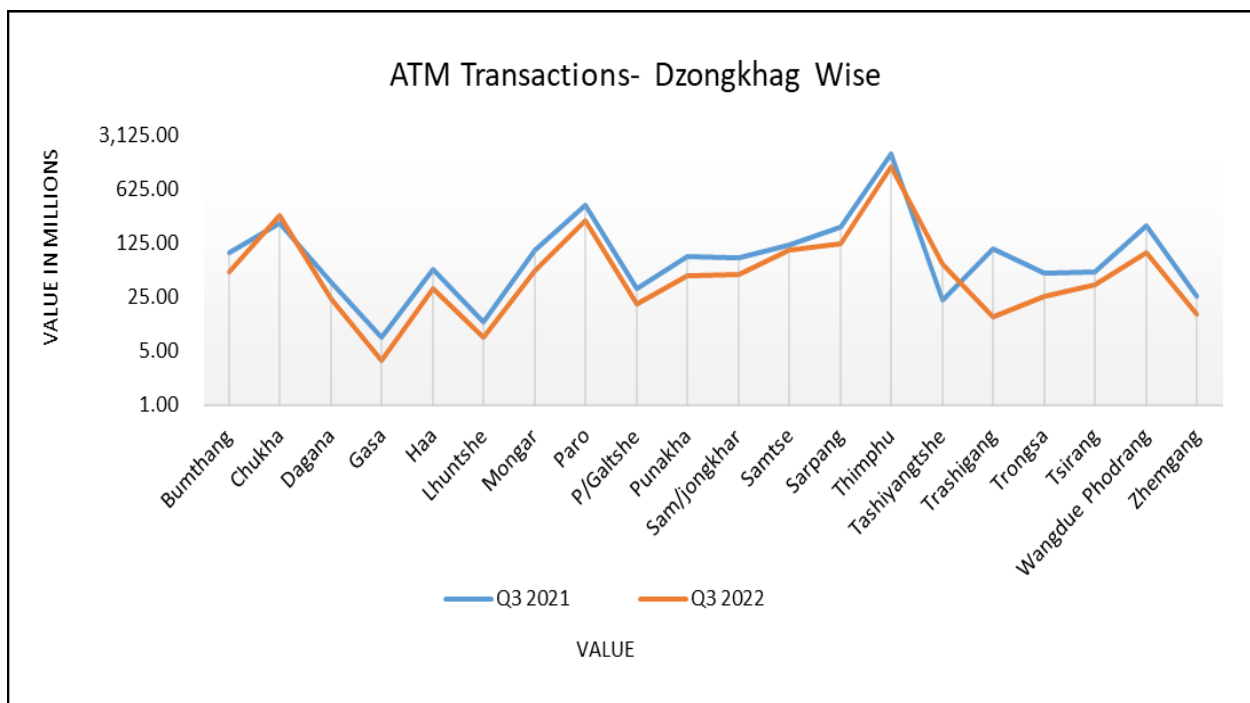
f) Cards – ATM

Graph 14: ATM Transaction (Volume & Value -Q3 2021 and Q3 2022)



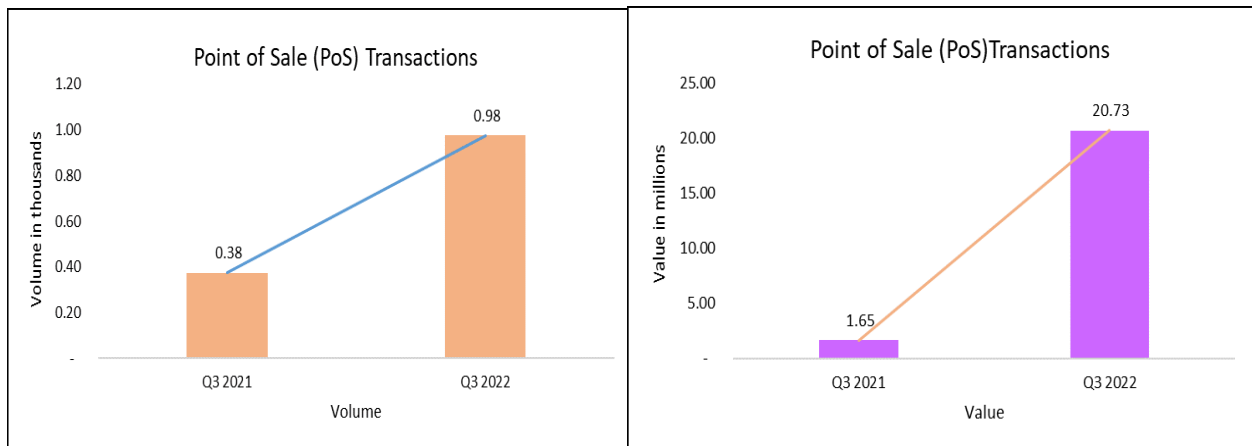
The cards payments refer to cash withdrawal/transactions from ATM terminals in the country using domestic ATM cards. In the 3rd quarter 2022, a total of **0.55 million** transactions worth **Nu.2.53 billion** were transacted. Unlike other payment instrument, we are observing decreasing trend for card payments every quarter. In terms of volume, there is a decrease by 42.30% and in terms of value, there is a decrease by 31.95% as compared to the same quarter of the previous year.

Graph 15: ATM Transaction Dzongkhag Wise (Volume & Value -Q3 2021 and Q3 2022)



In the 3rd quarter 2022, there is a drastic decline in ATM transactions in all the Dzongkhags except Chukha and Tashiyangtshé Dzongkhag as compared to the same quarter of the previous year. The maximum decrease was seen in Trashigang Dzongkhag with 87.20% followed by Wangdue Phodrang and Haa Dzongkhag with 61.58% and 54.69% respectively in terms of volume. In terms of value, maximum decrease was seen in Trashigang Dzongkhag with 86.38% followed by Wangdue Phodrang and Gasa Dzongkhag with 56.24% and 49.37% respectively.

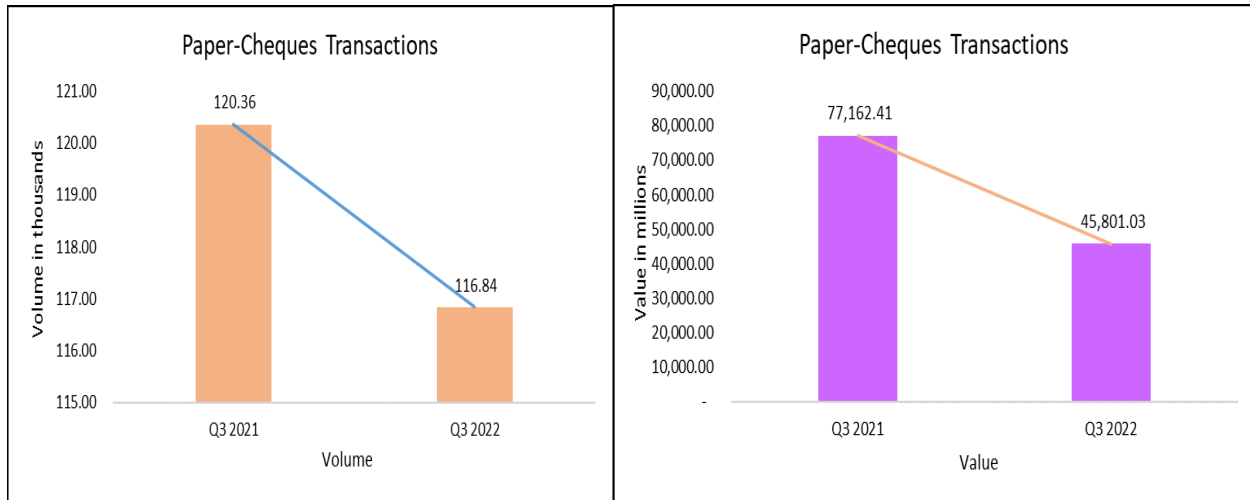
Graph 16: PoS Transaction (Volume & Value -Q3 2021 and Q3 2022)



The domestic PoS transactions have recorded **975** transactions of value **Nu.20.73 million** during the third quarter of 2022. It is an increase by 160% in terms of volume and an increase in value by 1157.80% as compared to the same quarter previous year.

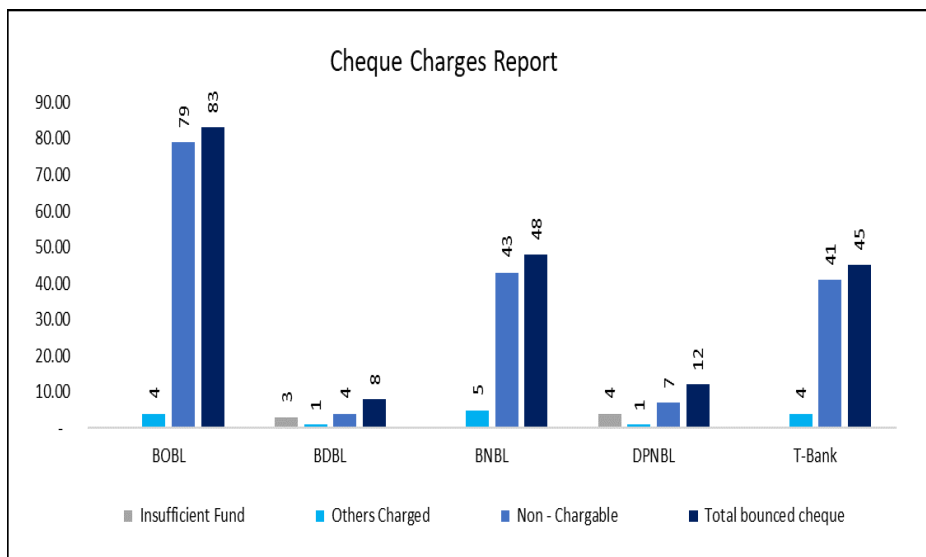
g) Paper Cheque

Graph 17: Paper Cheque Transaction (Volume & Value -Q3 2021 and Q3 2022)



Cheque payments are still observed to be used for making large value payments in the country. A total of **116,837** cheques worth **Nu. 45.80 billion** was recorded in the 3rd quarter 2022. There was decrease of 2.93% by volume and a decrease of 40.64% by value as compared to the same quarter of the previous year.

Graph 18: Bounced cheque report -Q3 2022



During the 3rd quarter, a total of **196** cheques were bounced out of which, 7 cheque was charged to the customer for their insufficient balance and 15 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.

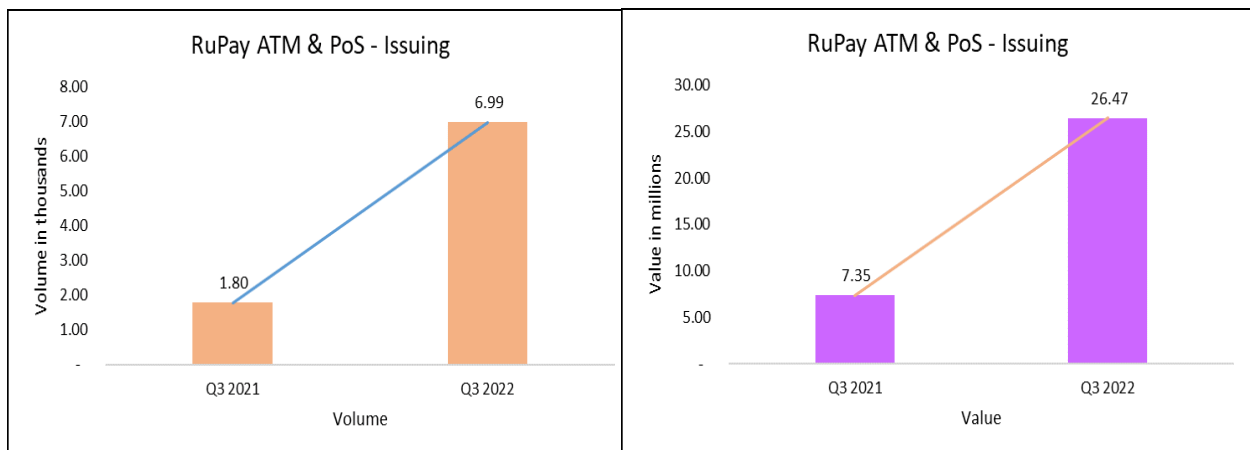
REGIONAL PAYMENT TRANSACTIONS (Q3,2022)

a) RuPay Acquiring

RuPay Acquiring allows Indian nationals to withdraw cash and make payment through all the ATM and PoS terminal in Bhutan. During 3rd 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

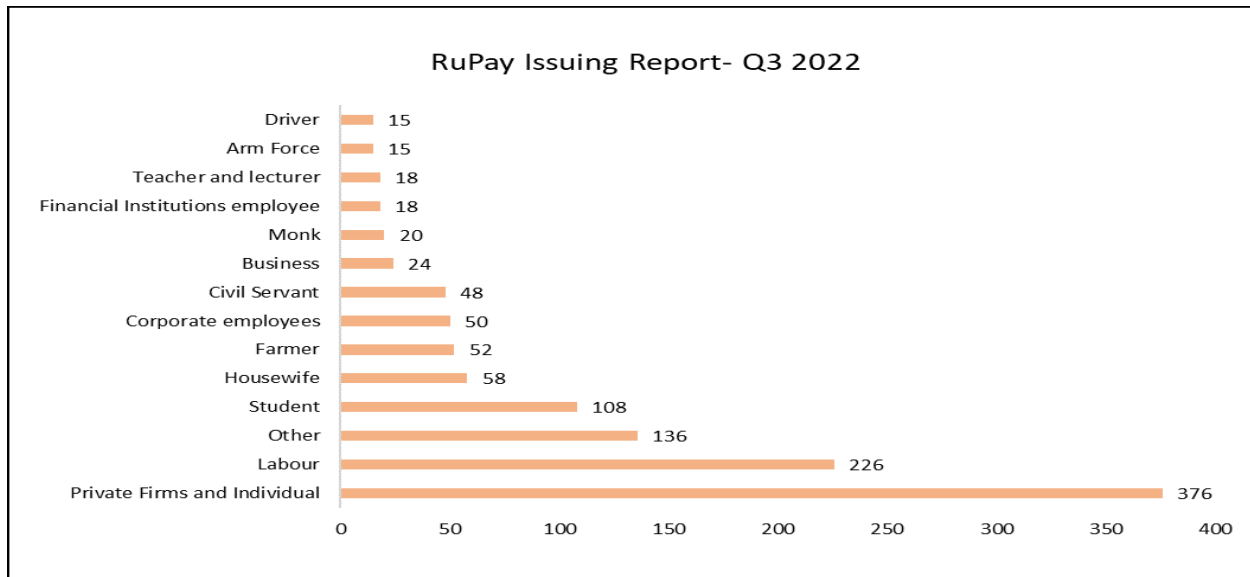
Graph 19: RuPay Issuing Transaction (Volume & Value -Q3 2021 and Q3 2022)



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 3rd quarter 2022, **6,988** transactions worth **Rs. 26.47 million** were recorded. There was a drastic increase of 289.30% by volume and 260.10% by value as compared to the same quarter of the previous year.

Graph 20: RuPay Card Issuance (BNBL) -Q3,2022

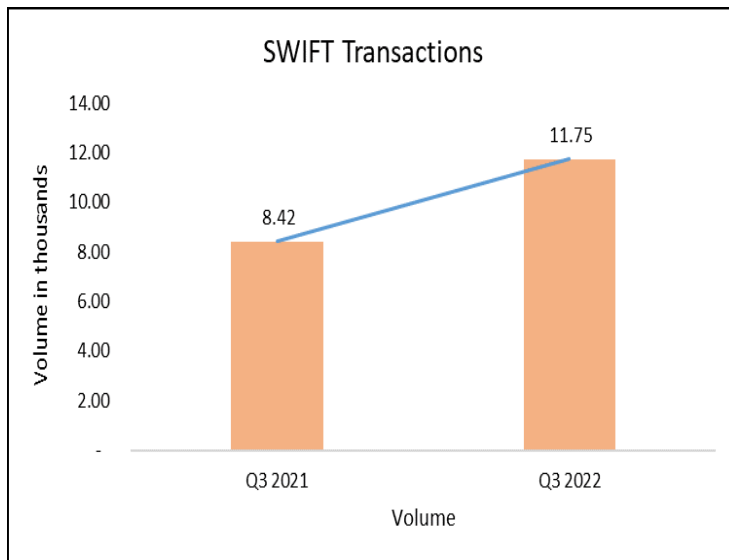


During the third quarter, 2022, a total of **1,164** cards were issued. The highest issuance was to the private firms and individual with 376 cards followed by labors with 376 cards. The minimum card issuance was to arm force and drivers with 15 cards each.

INTERNATIONAL PAYMENT TRANSACTIONS (Q3,2022)

a) SWIFT Transactions through the banks

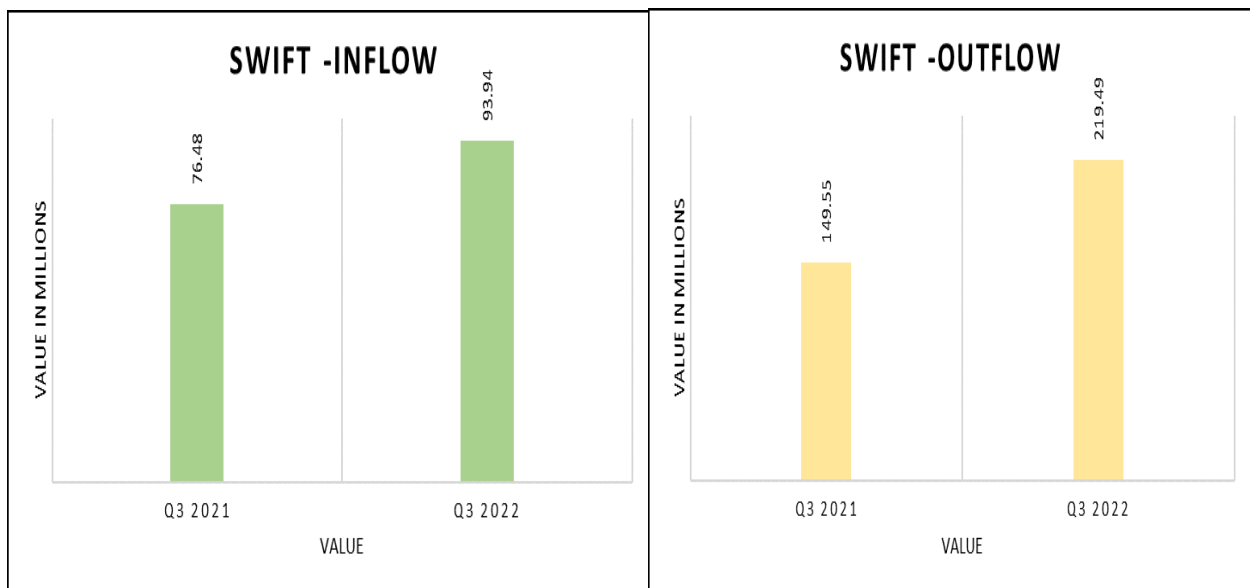
Graph 21: Member Bank SWIFT Transaction (Volume & Value -Q3 2021 and Q3 2022)



In this quarter, the SWIFT transactions have recorded **11,745** transactions which is increase of 39.44% by volume as compared to the same quarter of the previous year.

The highest transacted currency is US Dollar with **8,296** transactions followed by Australian Dollar with **2,192** transactions and EURO with **656** transactions.

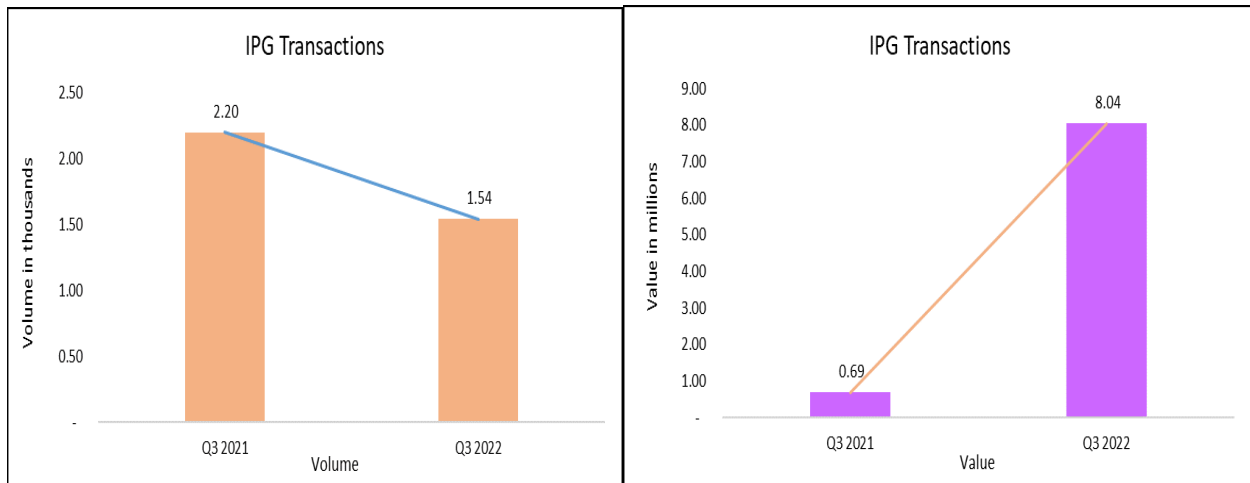
During the third quarter 2022, in terms of value, the SWIFT inflow has increased by 22.83% and SWIFT outflow has increased by 46.76% as compared to same quarter previous year.



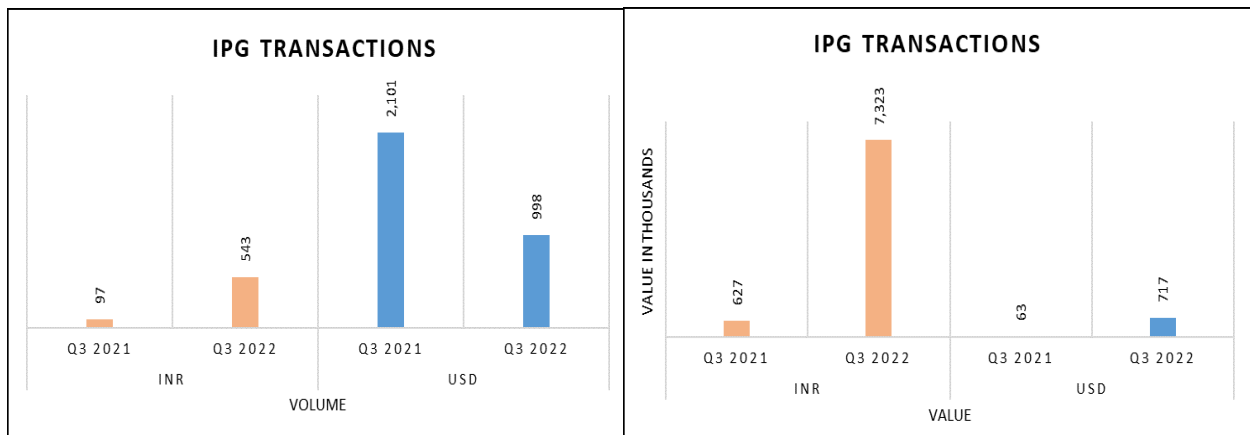
b) International Payment Gateway (IPG)

The International Payment Gateway (IPG) is a platform to acquire card payment made in USD and INR. There was a total of USD **998** transactions of value **\$716,504** and INR **543** transactions of value **7.32** million transacted in the third quarter 2022.

Graph 22: IPG Transaction (Volume & Value -Q3 2021 and Q3 2022)



During the third quarter 2022, **6** merchants have registered in the International Payment Gateway Platform in BoBL and **9** merchants have registered in the International Payment Gateway Platform in BNBL. The total IPG merchant stands at **290** for BoBL and **276** for BNBL. The IPG transactions saw a decrease of 29.89% by volume but an increase of 1064.25% by value as compared to the same quarter of the previous year.



In terms of INR, both the volume and value has increased by 459.79% and 6902.46% respectively as compared to the same quarter previous year.

In terms of USD, the volume has decreased slightly by 52.50% but the value has increased by 1035.09%.
