

By Salman Siddiqui

Pakistanis shift to internet, mobile banking

KARACHI: A large number of Pakistanis have switched to internet and mobile banking in a bid to adopt precautionary measures against Covid-19 as online banking assists in transferring funds, paying utility bills and making online shopping.

However, a certain proportion of the public still preferred to use ATM machines to withdraw cash during the current crisis, the State Bank of Pakistan (SBP) reported in the Payment System Review for the quarter ended March 31, 2020.

Banks kept developing the online banking infrastructure as the sector deployed another 307 ATM machines, installed 1,196 point of sales (POS) with merchants and converted 17 bank branches into real-time online branches (RTOBs) in the quarter under review.

However, the number of total financial transactions and total value of the transactions dropped notably during the quarter mainly due to the closure of businesses, shopping malls and markets owing to the lockdown imposed late in March to contain the pandemic.

In Pakistan, 27 banks are currently offering internet and mobile banking services. The number of registered users increased almost 7% to 3.8 million in the quarter (Jan-Mar 2020) compared to 3.6 million in the previous quarter ended December 2019.

“During the quarter, 14.1 million transactions of the value of Rs748.1 billion were processed through internet banking, depicting a growth of 6% by volume and 1.6% by value,” it said. The number of mobile banking customers surged 11.3% to 8.2 million compared to 7.4 million in the previous quarter.

During the quarter under review, these users got 21.2 million transactions processed with a value of Rs467.5 billion, exhibiting a growth of 19.1% by volume and 22.2% by value over the last quarter.

“The increase in transactions through internet and mobile banking channels has been quite promising as these channels have provided an easy and round-the-clock alternative to customers during the Covid-19 pandemic to fulfill their daily financial and banking needs,” the central bank said.

“It is expected that the upward trend will continue in the next quarter due to the steps taken by the State Bank of Pakistan to promote digitisation during these painful times,” it added.

It recalled that the SBP, in order to facilitate transactions through digital means, had waived all the transactional fees charged by banks against all the inter-bank and intra-bank fund transfers levied by banks through online banking channels.

Furthermore, to enable easy on-boarding of customers to use online banking channels, the SBP waived the requirement of biometric verification to activate internet and mobile banking, it added. During the quarter under review, e-banking channels ie RTOB, ATM, POS, mobile phone, internet and call centre banking as well as e-commerce altogether processed 236.1 million transactions of the value of Rs17.5 trillion.

Total transactions fall

The country's total payment transactions decreased 4.2% to 346.1 million in the quarter under review compared to 361.3 million. Similarly, the total value of the transactions dropped 3% to Rs145.2 trillion compared to Rs149.7 trillion.

"The decrease is primarily attributed to the decline in overall business volumes and values due to the Covid-19 pandemic," the SBP said. The total currency in circulation was over Rs6 trillion while banks maintained 54.73 million accounts as of March 31, 2020.

Online banking infrastructure

"Commercial banks in Pakistan are expanding their infrastructure for supporting e-payments due to SBP's enabling policies," the central bank said.

Banks/microfinance banks (MFBs) deployed 307 new ATMs, taking the total to 15,559 ATMs towards the end of the quarter compared to 15,252 ATMs at the end of the preceding quarter.

"Despite the availability of other banking facilities through ATMs, the channel was mostly used for cash withdrawal," it said.

The number of POS machines increased from 47,567 to 48,763, a rise of 2.5% in POS access points. It is worth noting that the number of POS access points, which decreased substantially during the previous quarter, is slowly gaining momentum in the current quarter.

"However, POS transactions decreased...it is expected that we will observe a further decline in transactions during the next quarter due to the closure of markets and businesses during the lockdown," it said.

As on March 31, 2020, the total number of payment cards issued in Pakistan rose to 43.2 million from 42 million last quarter.

The increase was mainly due to the rise in issuance of debit cards and social welfare cards as the governments introduced social welfare schemes to provide economic relief to the consumers, it said.