

## Payment System Report (Q3 2020)<sup>1</sup>

According to payment statistics in Q3 2020, the number of bank accounts went up slightly, and non-cash payment transactions rose mildly. The volume of transactions in payment systems maintained growth, and the payment systems generally functioned smoothly across the country.

### I. Bank Accounts<sup>2</sup>

**The number of bank accounts went up slightly.** At end-Q3 2020, bank accounts totaled 12.165 billion nationwide, increasing 2.52 percent quarter on quarter (q-o-q), a deceleration of 0.54 percentage points from the end of the previous quarter.

**The number of institutional bank accounts maintained growth.** At end-Q3 2020, institutional bank accounts totaled 73.5247 million, increasing 2.39 percent q-o-q, representing a deceleration of 0.38 percentage points from the end of the previous quarter. Specifically, 52.9382 million were basic deposit accounts; 16.4326 million were general deposit accounts; 3.9740 million were specified deposit accounts; and 179,900 were temporary deposit accounts. They accounted for 72.00 percent, 22.35 percent, 5.40 percent and 0.24 percent of the total number of institutional bank accounts respectively. In Q3 2020, across the country, basic deposit accounts increased by 1.3226 million; the general

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<sup>1</sup> Since 2015, the payment system has disclosed payment transaction data according to the financial industry standards of *Statistical Indicators of Payment Operations*.

<sup>2</sup> Bank accounts refer to RMB bank settlement accounts.

deposit accounts rose by 322,900; the specified deposit accounts went up by 72,000; the temporary deposit accounts decreased by 700. **The number of individual bank accounts climbed slightly.** At end-Q3 2020, individual bank accounts nationwide totaled 12.092 billion, increasing 297 million from the end of the previous quarter, marking an increase of 2.52 percent q-o-q, with a deceleration of 0.54 percentage points from Q2 2020. The number of accounts held per capita<sup>3</sup> reached 8.64.

## **II. Non-cash Payment Instruments**

In Q3 2020, a total of 100.057 billion non-cash payment transactions<sup>4</sup> with an amount of RMB1043.22 trillion were processed by banking financial institutions nationwide, exhibiting a year-on-year (y-o-y) increase of 11.47 percent and 12.66 percent respectively.

### **(I) Bankcards**

**The growth rate of the number of issued bankcards rebounded on steadily.** At end-Q3, the number of issued active bankcards nationwide increased 1.62 percent q-o-q to 8.798 billion, increasing 0.11 percentage points from the end of the previous quarter, among which issued active debit cards increased 1.66 percent q-o-q to 8.033 billion, and issued credit cards and debit-credit integrated cards increased 1.29 percent q-o-q to 766 million. The number of total bankcards held per capita reached 6.28,

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<sup>3</sup> When indicators involve per capita figures, the population applied is 1.40005 billion of mainland China at the end of 2019, in accordance with the data released by the National Bureau of Statistics, similarly hereinafter.

<sup>4</sup> Non-cash payment transactions include commercial papers, bankcards and other settlement transactions. Specifically, other settlement transactions include credit transfer, direct debit, collection with acceptance and domestic L/C.

among which the per capita number of credit cards and debit-credit integrated cards recorded 0.55.

**The number of bankcard merchants and POS terminals edged up.** At end-Q3 2020, bankcard merchants recorded 25.5321 million, decreasing 283,900 q-o-q, and POS terminals connected to the inter-bank bankcard payment system<sup>5</sup> accounted for 33.5903 million, marking an increase of 277,400 q-o-q. ATM terminals<sup>6</sup> recorded 1.0291 million, a decrease of 23,100 from the end of the previous quarter. The number of terminals connected to the inter-bank bankcard payment system per 10,000 persons recorded 239.92, up 0.83 percent q-o-q, and the number of ATMs per 10,000 persons recorded 7.35, down 2.19 percent q-o-q.

**Bankcard transactions steadily rebounded.** In Q3 2020, a total of 97.572 billion bankcard transactions<sup>7</sup> with a trading volume of RMB235.72 trillion were processed across the country, increasing 11.65 percent and 6.86 percent y-o-y respectively. The transactions included 1.415 billion cash deposits of RMB10.35 trillion, 2.170 billion cash

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<sup>5</sup> The data of merchants and terminals that were connected to the inter-bank bankcard payment system are from China UnionPay Co., Ltd. Since Q1 2020, UnionPay has adjusted the relevant statistical standards, adding the statistics of the QR code used-only equipments such as QR code scanners, white boxes for payments and merchant-presented QR code, and corresponding offline merchants connected to the payment system. Quarter-on-Quarter data are calculated on a comparable basis.

<sup>6</sup> Since Q1 2018, the statistical coverage of the number of ATMs has been adjusted. It includes not only the in-service automatic deposit machines, automatic withdrawal machines, automatic deposit and withdrawal machines, self-service payment terminals, and other traditional self-service facilities distributed by depository banking institutions, but also self-service terminals, Virtual Teller Machines (VTM), smart counters and other new-type terminals.

<sup>7</sup> Bankcard transactions were the sum of RMB and foreign currency denominated transactions.

withdrawals of RMB9.80 trillion, 43.580 billion transfers of RMB184.74 trillion, and 50.406 billion consumer payments of RMB30.82 trillion. The bank card penetration rate stood at 49.26 percent, increasing 0.14 percentage points q-o-q. The consumer payment per capita via bank cards reached RMB22,000, increasing 3.55 percent y-o-y. The consumer payment per bankcard registered RMB3503.09, decreasing 2.97 percent y-o-y. The consumer payment per transaction via bankcards recorded RMB611.47, down 11.33 percent y-o-y.

**The outstanding balance of bankcard credit maintained growth.** At end-Q3 2020, the total bankcard credit line<sup>8</sup> was RMB18.59 trillion, up 3.80 percent from the end of the previous quarter. The outstanding balance of bankcard credit registered RMB7.76 trillion, up 3.54 percent from the end of the previous quarter. The credit line per bankcard was RMB24,300, with the credit utilization rate<sup>9</sup> standing at 41.78 percent. The total outstanding amount of credit in arrears for more than half a year<sup>10</sup> was RMB90.663 billion, up 6.13 percent q-o-q, accounting for 1.17 percent of the total outstanding balance of credit.

## **(II) Commercial Papers**

**The transactions of commercial draft went down slightly.** In Q3 2020, transactions of commercial papers totaled 37.7843 million nationwide, or

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<sup>8</sup> Total bankcard credit line refers to the sum of credit lines of credit cards and debit-credit integrated cards.

<sup>9</sup> The credit line utilization rate is the ratio of outstanding bankcard credit balance to total credit line.

<sup>10</sup> The total outstanding amount of credit in arrears for more than half a year refers to the balance of outstanding principal of a credit card that has not fully repaid the minimum payment with overdue period over 181 days (inclusive), excluding the written-off amount.

RMB30.28 trillion, decreasing by 18.45 percent and 6.05 percent y-o-y respectively. These included 32.1829 million transactions or RMB25.23 trillion of checks, with a respective year-on-year decrease of 20.67 percent and 7.38 percent; 5.4504 million actual settlements, with a decrease of 1.61 percent y-o-y, or RMB4.91 trillion of commercial drafts, with an increase of 2.33 percent y-o-y; 57,600 transactions or RMB37.695 billion of bank drafts, with a decrease of 9.95 percent and 4.08 percent y-o-y; and 93,500 transactions or RMB99.276 billion of bank promissory notes, with a decrease of 42.04 percent and 32.91 percent y-o-y respectively.

**Transactions processed by the electronic commercial draft system<sup>11</sup> continued to grow.** Q3 2020 saw the following transactions: 6.0078 million issues, increasing 13.21 percent y-o-y, and with an amount of RMB4.68 trillion, decreasing 2.45 percent y-o-y; 6.1089 million acceptances, increasing 13.11 percent y-o-y, and with an amount of 4.78 trillion, decreasing 2.27 percent y-o-y; 1.6066 million discounts of RMB2.47 trillion, decreasing 9.34 percent and 17.69 percent y-o-y respectively; 2.0808 million interbank discounts of RMB8.75 trillion, decreasing 0.35 percent and 6.95 percent y-o-y respectively; 565,700 bond-pledged repos of RMB5.54 trillion, increasing 81.00 percent and 80.54 percent y-o-y respectively; and 21,800 bond buyout repos of RMB

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<sup>11</sup> The data of the electronic commercial draft system are from the Shanghai Commercial Paper Exchange.

151.057 billion, increasing 600.35 percent and 416.79 percent y-o-y respectively.

### **(III) Credit Transfers and Other Settlement Transactions**

**The volume of credit transfers and other settlement transactions rose moderately.** In Q3 2020, the number of other settlement transactions including credit transfer, direct debit, collection with acceptance, and domestic L/C totaled 2.447 billion, with an amount of RMB777.23 trillion, increasing 5.32 percent and 15.45 percent y-o-y respectively. In particular, the credit transfer transactions recorded 2.338 billion, totaling RMB76.439 trillion.

### **(IV) Electronic Payment**

**The growth of mobile payment transaction volume continued.** In Q3 2020, banks processed a total of 64.977 billion electronic payment transactions<sup>12</sup> in RMB696.44 trillion. Specifically, the transaction volume and value of online payment posted 24.244 billion and RMB551.60 trillion, up 12.56 percent and 11.29 percent y-o-y respectively. The transaction volume and value of mobile payment reached 34.495 billion and RMB116.74 trillion, up 26.48 percent and 35.57 percent y-o-y respectively. The transaction volume of payment by phone stood at 73 million and the transaction value reached RMB4.10 trillion, up 69.35 percent and 62.70 percent y-o-y respectively.

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<sup>12</sup> Electronic payment refers to the transactions volume and value that cause changes in the balance of settlement account initiated by customers through six channels such as online banking, telephone banking, mobile banking, ATM, POS, and other electronic payments.

In Q3 2020, non-bank payment institutions processed a total of 234.500 billion online payment transactions<sup>13</sup> with an amount of RMB78.96 trillion, up 22.65 percent and 23.38 percent y-o-y respectively.

### **III. Payment Systems**

In Q3 2020, the payment systems<sup>14</sup> processed a total of 209.180 billion transactions in payments of RMB2,203.52 trillion, which was 82.79 times of the GDP in Q3 2020.

#### **(I) PBC Payment Systems**

In Q3 2020, the PBC payment systems<sup>15</sup> processed 5.228 billion transactions in payments of RMB1,597.58 trillion, up 9.96 percent and 20.51 percent y-o-y respectively, accounting for 2.50 percent and 72.50 percent of the total payment transactions and value respectively. The daily processed transactions averaged 57.4463 million, and the daily processed value averaged RMB23.46 trillion<sup>16</sup>.

**The transactions value in the HVPS saw rapid growth.** In Q3 2020, the HVPS processed 135 million transactions, down 54.25 percent y-o-y, in

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<sup>13</sup> The online payment transaction volume processed by non-bank payment institutions includes the volume of online payment involving bank accounts initiated by payment institutions and online payment of payment accounts, but does not include the transaction volume of Red Packets and similar entertainment products. On April 1<sup>st</sup> 2018, the *Provisions on Barcode and QR Code Payment Business Standards (Interim)* came into effect. Starting from Q2 2018, statistics of merchants' barcode and QR code transaction payments have been collected based on bankcard payment acquiring services instead of online payment.

<sup>14</sup> The payment systems include HVPS (high-value real-time payment system), BEPS (bulk electronic payment system), IBPS (internet banking payment system), ACH (automated clearing house), CFXPS (China foreign exchange payment system), intra-bank payment systems of banking financial institutions, bankcard interbank payment system, city commercial banks draft processing system and payment & clearing system, rural credit banks payment & clearing system, CIPS (China international payment system) and NetsUnion clearing system.

<sup>15</sup> The PBC Payment Systems include HVPS, BEPS, IBPS, ACH and CFXPS.

<sup>16</sup> In Q3 2020, HVPS, ACHs, CIPS and CFXPS operated for 67 business days; and other payment systems 92 business days. The actual operation business days are used for calculation of daily averages, similarly hereinafter.

payments of RMB1,499.29 trillion, up 18.88 percent y-o-y. The daily transactions averaged 2.0140 million in volume and RMB22.38 trillion in value.

**The transaction value of payments processed by BEPS surged.** In Q3 2020, the BEPS processed 914 million transactions of RMB37.91 trillion, up 34.38 percent and 202.94 percent y-o-y respectively. On a daily basis, the system processed 9.9398 million transactions of RMB412.081 billion.

**The transaction value of IBPS expanded rapidly.** In Q3 2020, the IBPS processed 4.160 billion transactions in payments of RMB55.67 trillion, up 12.41 percent and 101.81 percent y-o-y respectively. On a daily basis, the system processed 45.2131 million transactions of RMB605.163 billion.

**The transaction volume of ACH dived.** In Q3 2020, the ACH<sup>17</sup> processed 17.9681 million transactions in payments of RMB1.97 trillion, down 76.95 percent in volume and 91.15 percent in value y-o-y respectively. On a daily basis, the system processed 268,200 transactions of RMB29.370 billion.

**The growth of CFXPS transactions volume remained steady.** In Q3 2020, the CFXPS processed 751,300 transactions in payments of USD401.081 billion (equivalent to about RMB2.73 trillion<sup>18</sup>), a y-o-y increase of 29.23 percent and 36.77 percent respectively. On a daily basis, the system processed 11,200 transactions of USD5.986 billion (equivalent to about RMB40.767 billion).

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<sup>17</sup> The ACH includes the intra-city notes exchange system and intra-city electronic clearing system

<sup>18</sup> The transaction volume of CFXPS was calculated and then converted to RMB according to the exchange rate of the last trading day of each quarter.

## **(II) Other Payment Systems<sup>19</sup>**

**The volume of transactions processed by the intra-bank payment systems of banking financial institutions kept growing.** In Q3 2020, these systems processed 4.403 billion transactions of RMB444.51 trillion, up 9.14 percent and 46.72 percent y-o-y respectively. On a daily basis, the systems processed 47.8605 million transactions of RMB4.83 trillion.

**The volume of transactions processed by interbank bankcard payment system<sup>20</sup> maintained growth.** In Q3 2020, the system processed 42.945 billion transactions<sup>21</sup> of RMB51.15 trillion, up 11.83 percent and 13.87 percent y-o-y respectively. On a daily basis, the system processed 467 million transactions of RMB555.938 billion.

**The volume of transactions processed by urban commercial bank draft processing system and payment & clearing system<sup>22</sup> climbed up rapidly.** In Q3 2020, the systems processed 2.1365 million transactions of RMB308.162 billion<sup>23</sup>, up 70.79 percent and 62.04 percent y-o-y respectively. The daily transactions averaged 23,200 of RMB3.350 billion.

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<sup>19</sup> According to the PBC working requirement of “breaking the direct connection between the third party payment institutions and commercial banks”, all third-party payment institutions joined the system of UnionPay or NetsUnion, and the businesses between the payment institutions and commercial banks, as well as business between the Urban Commercial Bank Clearing Co., Ltd. or members of Rural Credit Banks Funds Clearing Center and third-party payment institutions will not be included in calculating transactions of the intra-bank systems of banks, urban commercial bank payment and clearing system, and rural credit bank payment and clearing system.

<sup>20</sup> The data of interbank bankcard payment system are from China UnionPay Co., Ltd.

<sup>21</sup> Starting from Q2 2018, the volume of transactions processed by the interbank bankcard payment system only includes transactions of capital settlement; inquiries, account verification and other non-capital settlement transaction are excluded. Year-on-year data are calculated on a comparable basis. Starting from Q1 2019, the volume of transactions processed by the interbank bankcard payment system includes online payment involving bank accounts initiated by payment institutions and processed by the interbank bankcard payment system.

<sup>22</sup> The data of the urban commercial bank draft processing system and payment & clearing system are from the Urban Commercial Bank Clearing Co., Ltd.

<sup>23</sup> Starting from 2017, in addition to the statistics of bank draft, remittance and deposit and withdrawal, the urban commercial bank draft processing system and payment & clearing system also collect the statistics of real time receipts and payments.

**The transaction volume of rural credit bank payment & clearing system<sup>24</sup> maintained growth.** In Q3 2020, the system processed 479 million transactions, up 24.71 percent y-o-y, with an amount of RMB633.334 billion, down 12.57 percent y-o-y. The daily transactions averaged 5.2101 million of RMB6.884 billion.

**The transaction volume of CIPS<sup>25</sup> continued to expand.** In Q3 2020, the CIPS processed 584,800 transactions in payments of RMB12.14 trillion, up 14.11 percent and 28.67 percent y-o-y respectively. The daily transactions averaged 8,728.61 of RMB181.128 billion.

**The transaction volume of NetsUnion platform<sup>26</sup> maintained relatively fast growth.** In Q3 2020, the platform processed 156.122 billion transactions in payments of RMB97.21 trillion<sup>27</sup>, up 43.82 percent and 40.87 percent y-o-y. The daily transactions averaged 1.697 billion in payments of RMB1.06 trillion.

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<sup>24</sup> The data of rural credit banks payment & clearing system are from the Rural Credit Banks Funds Clearing Center.

<sup>25</sup> The data of CIPS are from Cross-border Interbank Payment and Settlement Co., Ltd.

<sup>26</sup> The data of the NetsUnion platform are from NetsUnion Clearing Co., Ltd.

<sup>27</sup> The data refer to online payment transaction volume initiated by payment institutions and processed by the NetsUnion platform via bank accounts.