

Payment System Report (Q2 2020)¹

According to payment statistics in Q2 2020, the growth rate of bank accounts rebounded, and non-cash payment transactions restored growth. The volume of transactions in payment systems continued to rise, and the payment systems generally functioned smoothly across the country.

I. Bank Accounts²

The growth rate of bank accounts rebounded. At end-Q2 2020, bank accounts totaled 11.866 billion nationwide, increasing 3.05 percent quarter on quarter (q-o-q), an acceleration of 1.62 percentage points from the end of the previous quarter.

The number of institutional bank accounts maintained growth. At end-Q2 2020, institutional bank accounts totaled 71.8080 million, increasing 2.77 percent q-o-q, representing an acceleration of 0.57 percentage points from the end of the previous quarter. Specifically, 51.6156 million were basic deposit accounts; 16.1097 million were general deposit accounts; 3.9020 million were specified deposit accounts; and 180,700 were temporary deposit accounts. They accounted for 71.88 percent, 22.43 percent, 5.43 percent and 0.25 percent of the total number of institutional bank accounts respectively. In Q2 2020, across the country, basic deposit accounts increased by 1.4610 million; the general deposit accounts rose by 400,700; the specified deposit accounts went up by

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

² Bank accounts refer to RMB bank settlement accounts.

74,400; the temporary deposit accounts decrease by 800.

The number of individual bank accounts continued to increase. At end-Q2 2020, individual bank accounts nationwide totaled 11.795 billion, increasing 350 million from the end of the previous quarter, marking an increase of 3.06 percent q-o-q, with an acceleration of 1.63 percentage points from Q1 2020. The number of accounts held per capita³ reached 8.42.

II. Non-cash Payment Instruments

In Q2 2020, a total of 83.720 billion non-cash payment transactions⁴ with an amount of RMB1017.22 trillion were processed by banking financial institutions nationwide, exhibiting a year-on-year (y-o-y) increase of 6.18 percent and 6.83 percent respectively.

(I) Bankcards

The growth rate of the number of issued bankcards slightly rebounded. At end-Q2, the number of issued active bankcards nationwide increased 1.52 percent q-o-q to 8.658 billion, increasing 0.21 percentage points from the end of the previous quarter, among which issued active debit cards increased 1.57 percent q-o-q to 7.902 billion, and issued credit cards and debit-credit integrated cards increased 0.99 percent q-o-q to 756 million. The number of total bankcards per capita reached 6.18, and the per capita number of credit cards and debit-credit

³ 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.

⁴ 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.

integrated cards recorded 0.54.

The number of bankcard merchants and POS terminals rebounded remarkably. At end-Q2 2020, merchants and POS terminals connected to the inter-bank bankcard payment system recorded 25.8160 million and 33.3128 million respectively⁵, marking an increase of 3.2361 million and 1.7075 million q-o-q respectively. ATM terminals⁶ recorded 1.0521 million, a decrease of 30,900 from the end of the previous quarter. The number of terminals connected to the inter-bank bankcard payment system per 10,000 persons recorded 237.94, up 5.40 percent q-o-q, and the number of ATMs per 10,000 persons recorded 7.52, down 2.85 percent q-o-q.

Bankcard transactions restored growth. In Q2 2020, a total of 81.457 billion bankcard transactions⁷ with a trading amount of RMB219.08 trillion were processed across the country, increasing 6.20 percent and 0.91 percent y-o-y respectively. The transactions included 1.381 billion cash deposits of RMB10.43 trillion, 2.009 billion cash withdrawals of RMB9.54 trillion, 35.645 billion transfers of RMB170.62 trillion, and 42.422 billion consumer payments of RMB28.50 trillion. The bank card penetration rate stood at 49.12 percent, decreasing 0.04 percentage points q-o-q. The consumer payment per capita via bank cards reached

⁵ 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.

⁶ 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.

⁷ Bankcard transactions were the sum of RMB and foreign currency denominated transactions.

RMB20,400, increasing 0.59 percent y-o-y. The consumer payment per bankcard registered RMB3291.36, decreasing 7.01 percent y-o-y. The consumer payment per transaction via bankcards recorded RMB671.73, down 9.24 percent y-o-y.

The outstanding balance of bankcard credit rebounded. At end-Q2 2020, the total bankcard credit line⁸ was RMB17.91 trillion, up 1.92 percent from the end of the previous quarter. The outstanding balance of bankcard credit registered RMB7.50 trillion, up 3.26 percent from the end of the previous quarter. The credit line per bankcard was RMB23,700, with the credit utilization rate⁹ standing at 41.88 percent. The total outstanding amount of credit in arrears for more than half a year was RMB85.428 billion, down 7.02 percent q-o-q, accounting for 1.14 percent of the total outstanding balance of credit.

(II) Commercial Papers

The transactions of commercial draft maintained growth. In Q2 2020, transactions of commercial papers totaled 35.6752 million nationwide, or RMB29.75 trillion, decreasing by 20.57 percent and 8.21 percent respectively y-o-y. These included 29.6380 million transactions or RMB24.94 trillion of checks, with a respective year-on-year decrease of 25.01 percent and 10.54 percent; 5.8802 million actual settlements or RMB4.66 trillion of commercial drafts, with an increase of 14.30 percent and 7.60 percent y-o-y; 50,900

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

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

transactions or RMB33.365 billion of bank drafts, with a decrease of 16.43 percent and 17.14 percent y-o-y; and 106,100 transactions or RMB115.352 billion of bank promissory notes, with a decrease of 41.37 percent and 28.93 percent y-o-y respectively.

Transactions processed by the electronic commercial draft system¹⁰ sustained a rapid growth. Q2 2020 saw the following transactions: 5.2562 million issues of RMB5.45 trillion, increasing 14.68 percent and 23.00 percent y-o-y respectively; 5.3576 million acceptances of RMB5.59 trillion, increasing 14.58 percent and 23.14 percent y-o-y; 1.7798 million discounts of RMB3.49 trillion, increasing 14.52 percent and 27.41 percent y-o-y; 2.9686 million interbank discounts of RMB13.30 trillion, increasing 51.10 percent and 43.04 percent y-o-y; 636,100 bond-pledged repos of RMB5.65 trillion, increasing 125.06 percent and 63.16 percent y-o-y; and 16,600 bond buyout repos of RMB 74.080 billion, increasing 822.51 percent and 342.99 percent y-o-y respectively.

(III) Credit Transfers and Other Settlement Transactions

The volume of credit transfers and other settlement transactions rose moderately. In Q2 2020, the number of other settlement transactions including credit transfer, direct debit, collection with acceptance, and domestic L/C totaled 2.227 billion, with an amount of RMB768.39 trillion, increasing 5.92 percent and 9.35 percent y-o-y respectively. To

¹⁰ The data of the electronic commercial draft system are from the Shanghai Commercial Paper Exchange.

be specific, the credit transfer transactions recorded 2.135 billion, totaling RMB754.29 trillion.

(IV) Electronic Payment

The growth of mobile payment transaction volume picked up. In Q2 2020, banks processed a total of 57.770 billion electronic payment transactions¹¹ in RMB674.01 trillion. Specifically, the transaction volume and value of online payment posted 21.638 billion and RMB541.34 trillion, up 15.48 percent and 11.20 percent y-o-y respectively. The transaction volume and value of mobile payment reached 30.141 billion and RMB106.17 trillion, up 26.99 percent and 33.61 percent y-o-y respectively. The transaction volume of payment by phone stood at 53 million and the transaction value reached RMB3.12 trillion, up 10.53 percent and 20.01 percent y-o-y respectively.

In Q2 2020, non-bank payment institutions processed a total of 203.508 billion online payment transactions¹² with an amount of RMB70.22 trillion, up 14.48 percent and 18.37 percent y-o-y respectively.

III. Payment Systems

In Q2 2020, the payment systems¹³ processed a total of 171.641 billion transactions in payments of RMB2,063.99 trillion, which was 91.53 times of the GDP in Q2 2020.

¹¹ 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.

¹² 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 1st 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.

¹³ 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.

(I) PBC Payment Systems

In Q2 2020, the PBC payment systems¹⁴ processed 4.828 billion transactions in payments of RMB1,589.75 trillion, up 11.70 percent and 21.49 percent y-o-y respectively, accounting for 2.81 percent and 77.02 percent of the total payment transactions and value respectively. The daily processed transactions averaged 53.8043 million, and the daily processed value averaged RMB25.21 trillion¹⁵.

The transactions value in the HVPS saw rapid growth. In Q2 2020, the HVPS processed 124 million transactions, down 54.16 percent y-o-y, in payments of RMB1,500.15 trillion, up 20.47 percent y-o-y. The daily transactions averaged 1.9966 million in volume and RMB24.20 trillion in value.

The transaction value of payments processed by BEPS surged. In Q2 2020, the BEPS processed 875 million transactions of RMB37.17 trillion, up 46.24 percent and 204.22 percent y-o-y respectively. On a daily basis, the system processed 9.6123 million transactions of RMB408.425 billion.

The transaction value of IBPS expanded rapidly. In Q2 2020, the IBPS processed 3.807 billion transactions in payments of RMB47.60 trillion, up 12.60 percent and 86.53 percent y-o-y respectively. On a daily basis, the system processed 41.8350 million transactions of RMB523.048 billion.

The transaction volume of ACH dived. In Q2 2020, the ACH¹⁶ processed 21.7482 million transactions in payments of RMB2.43 trillion, down 70.06 percent in volume and 89.68 percent in value y-o-y respectively. On a daily basis, the system processed 350,800 transactions of RMB39.175 billion.

¹⁴ The PBC Payment Systems include HVPS, BEPS, IBPS, ACH and CFXPS.

¹⁵ In Q2 2020, HVPS, ACHs, CIPS and CFXPS operated for 62 business days; and other payment systems 91 business days. The actual operation business days are used for calculation of daily averages, similarly hereinafter.

¹⁶ The ACH includes the intra-city notes exchange system and intra-city electronic clearing system

The growth of CFXPS transactions volume rebounded. In Q2 2020, the CFXPS processed 598,700 transactions in payments of USD340.459 billion (equivalent to about RMB2.41 trillion¹⁷), a y-o-y increase of 11.41 percent and 16.89 percent respectively. On a daily basis, the system processed 9,656.06 transactions of USD5.491 billion (equivalent to about RMB38.875 billion).

(II) Other Payment Systems¹⁸

The volume of transactions processed by the intra-bank payment systems of banking financial institutions restored growth. In Q2 2020, these systems processed 4.186 billion transactions of RMB338.27 trillion, up 10.81 percent and 13.26 percent y-o-y respectively. On a daily basis, the systems processed 45.9982 million transactions of RMB3.72 trillion.

The volume of transactions processed by interbank bankcard payment system¹⁹ edged up. In Q2 2020, the system processed 34.704 billion transactions²⁰ of RMB46.39 trillion, up 0.93 percent and 3.83 percent y-o-y respectively. On a daily basis, the system processed 381 million transactions of RMB509.761 billion.

The value of transactions processed by urban commercial bank draft processing system and payment & clearing system²¹ rallied. In Q2 2020, the

¹⁷ 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.

¹⁸ 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.

¹⁹ The data of interbank bankcard payment system are from China UnionPay Co., Ltd.

²⁰ 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.

²¹ The data of the urban commercial bank draft processing system and payment & clearing system are from the Urban Commercial Bank Clearing Co., Ltd.

systems processed 1.4289 million transactions of RMB237.727 billion²², up 22.61 percent and 35.97 percent y-o-y respectively. The daily transactions averaged 15,700 of RMB2.612 billion.

The transaction volume of rural credit bank payment & clearing system²³ maintained rapid growth. In Q2 2020, the system processed 454 million transactions, up 58.82 percent y-o-y, with an amount of RMB624.858 billion, down 7.42 percent y-o-y. The daily transactions averaged 4.9904 million of RMB7.064 billion.

The transaction volume and value of CIPS²⁴ expanded steadily. In Q2 2020, the CIPS processed 491,900 transactions in payments of RMB10.05 trillion, up 8.83 percent and 22.33 percent y-o-y respectively. The daily transactions averaged 7,934.29 of RMB162.066 billion.

The transaction volume and value of NetsUnion platform²⁵ witnessed fast growth. In Q2 2020, the platform processed 127.467 billion transactions in payments of RMB78.65 trillion²⁶, up 45.84 percent and 36.48 percent y-o-y. The daily transactions averaged 1.401 billion in payments of RMB864.271 billion.

²² 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.

²³ The data of rural credit banks payment & clearing system are from the Rural Credit Banks Funds Clearing Center.

²⁴ The data of CIPS are from Cross-border Interbank Payment and Settlement Co., Ltd.

²⁵ The data of the NetsUnion platform are from NetsUnion Clearing Co., Ltd.

²⁶ The data refer to online payment transaction volume initiated by payment institutions and processed by the NetsUnion platform via bank accounts.