



QUARTERLY PAYMENT SYSTEM REPORT

Quarter 2 (April – June 2020)

Foreword

We are delighted to present the 2020 Q2 report of the payment systems in Bhutan. The report highlights the performance of payment systems during the time of the Covid-19 pandemic. One of the significant observations that we have made is the increasing trend of mobile and Internet banking over the years; Mobile and Internet banking accounts for 86% of the market share in 2020 Q2. Besides, in the 2020 Q2 report, we have segregated wallets from mobile and internet banking since we now have two eMoney Institutions in the market.

Further, with the evolution in technologies, supervisory requirements, and change in customer behaviors has mandated DPSS, RMA to meet the demand accordingly – issuing circulars, changing settlement timing, etc.

We would like to thank all our contributors for submitting the reports on time.

Payment Transactions – Q2 2020 in Focus

13,946 (thousand)
Mobile
transactions (Nu. 30 billion)

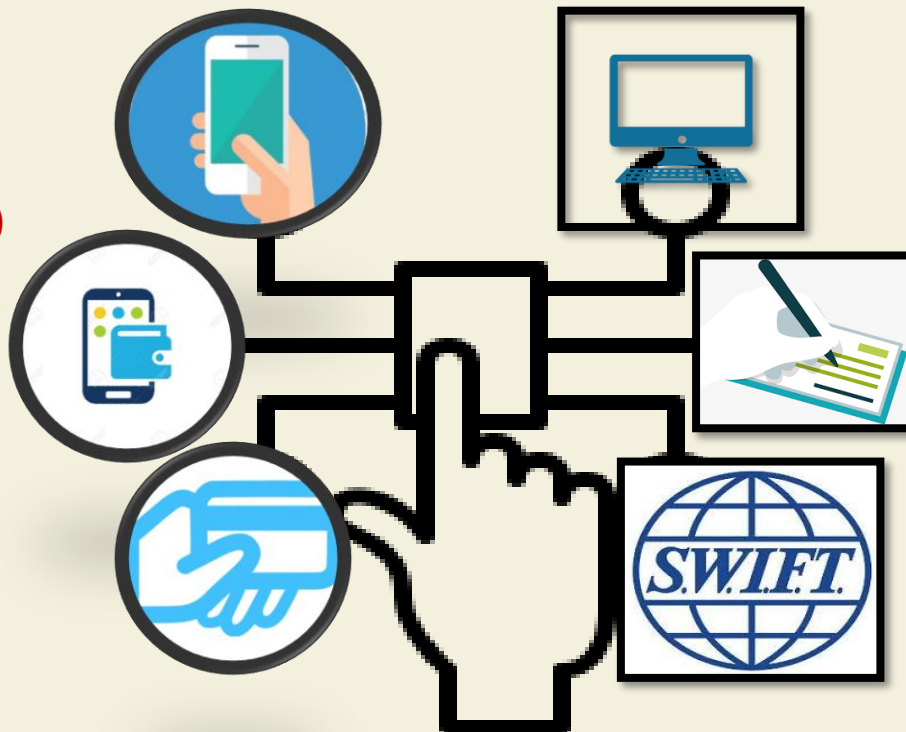
48,730 GIFT
transactions (Nu. 11 billion)

113 (thousand)
Wallets
transactions
(Nu. 42.31 million)

150 (thousand)
Cheque
transactions
(Nu. 72 billion)

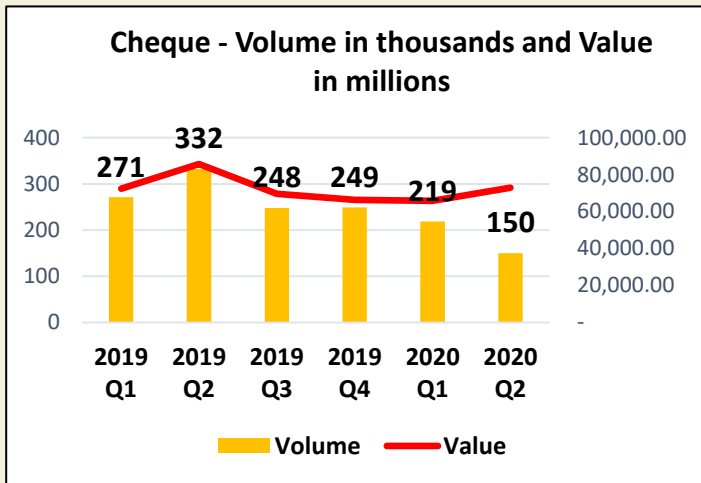
1,860 (thousand) Card-ATM & POS
card transactions (Nu. 6 billion)

7,497 SWIFT
transactions



Payment System Performance :

1. Paper-based (Cheque)



In the 2nd QTR of 2020, **150 (thousand)** cheque transactions valued at **Nu. 72 billion** were processed, of which, **33%** were interbank cheques settled through the RMA. The Q2 2020 data shows a drop of **31 %** in volume and growth of **11%** in value terms. Further, the y-o-y trend shows that both the number and value of cheque usage are declining and currently accounts to only **1%** of the market share.

Figure 1: Cheque

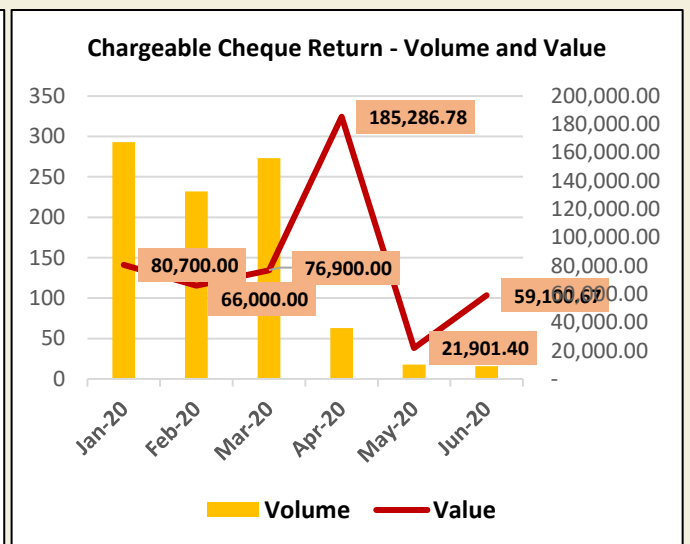
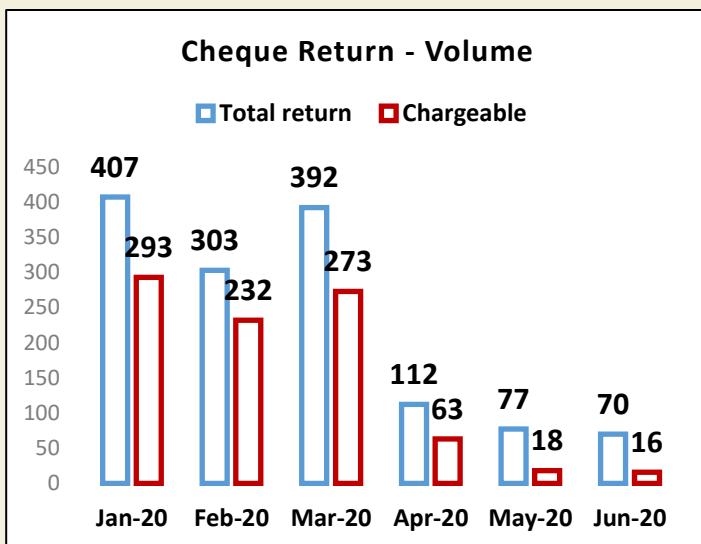


Figure 2 : Cheque Return – Volume and Value

In April 2020, the RMA reviewed and revised the pricing structure of various payment instruments as part of payments reform to make digital payments affordable for Bhutaneese. Additionally, for cheques, administrative penalty for chargeable return cheques in interbank settlement were enhanced to **10%** of the value of cheques especially to discourage presentment of cheques with insufficient account balance as the number of cheques returned on this account was major and increasing.

Prior April 2020, the ratio of chargeable cheques to the total cheques returned was more than **70%**. However, post the revision of fees, the ratio dropped to **23 %** along with the overall number of cheques returned from the RMA clearing house.

2. Card – ATM and POS

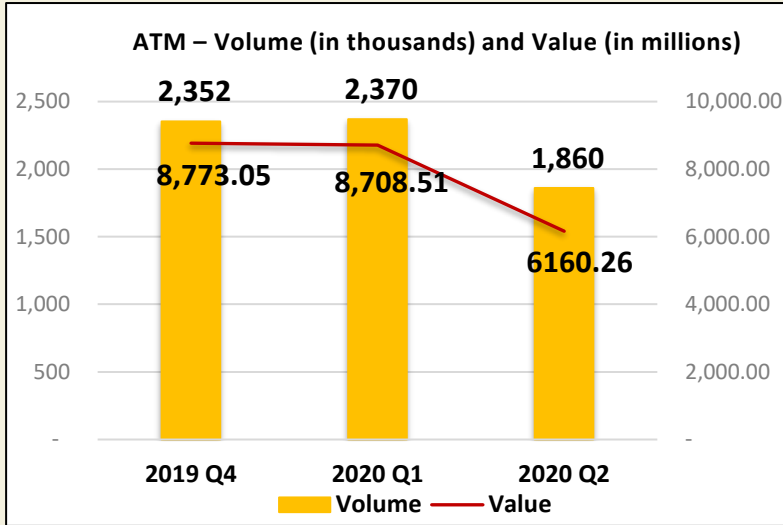
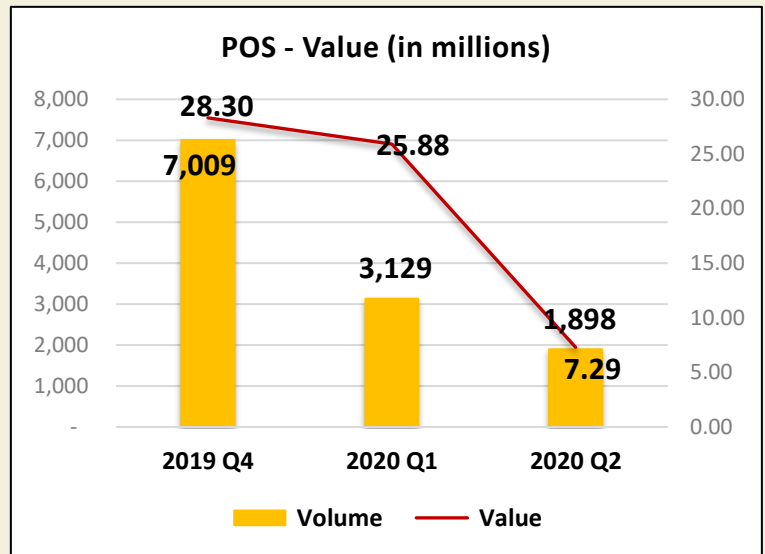


Figure 3 : ATM

The number of cash withdrawal from the ATM terminals in Q2 was **1,860** (thousand) transactions of value Nu. **6 billion** which was a drop of **22%** from Q1. The drop in ATM may mean increasing usage of digital payments such as QR and Mobile payment for retail payments in this ongoing situation of pandemic COVID-19.

Card – ATM and POS accounts to **12%** of the market share in Q2 2020.

Figure 3 : POS



As depicted in figure 3, the number of transactions executed on POS has declined over the period. The rate of decline is **55%** in Q1 2020 and **39%** in Q2 2020.

3. RuPay Performance

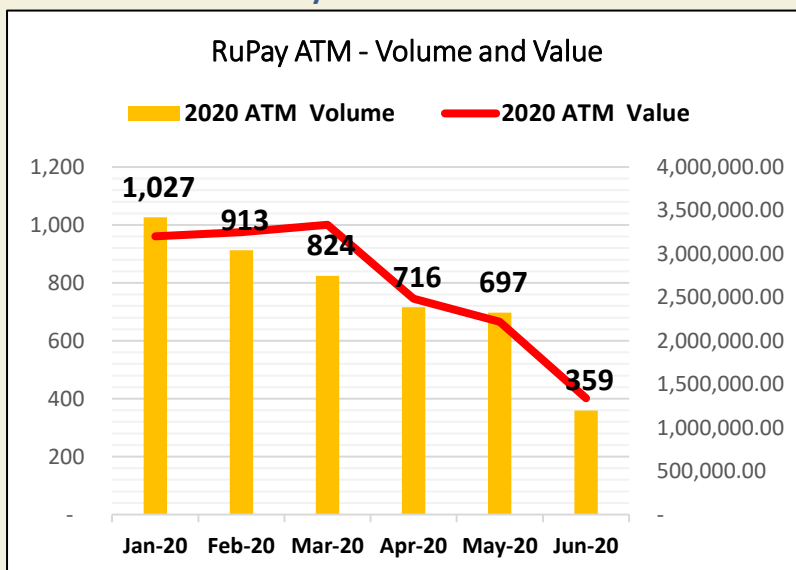
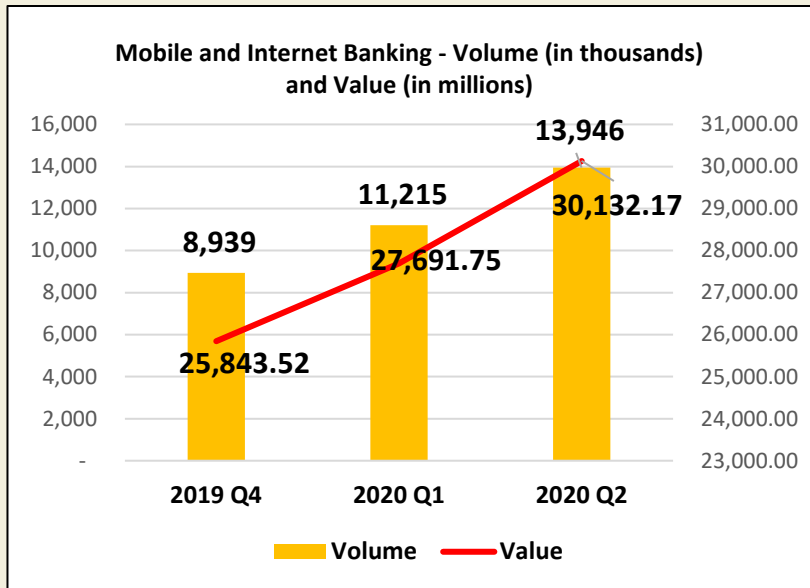


Figure 4: RuPay ATM

Since the closure of international flights to and from Bhutan in March 2020, the RuPay transactions have drastically declined over the months. The rate of decline in volume is **36%** and in value is **38%** over Q1 2020.

4. Mobile and Internet Banking



In Q2 2020, Mobile and Internet Banking accounted for **86%** of the market share as compared to **81%** in Q1. The q-o-q shows the increasing adoption of digital payments in Bhutan and peoples preference of digital payments over the fear of using cash amidst the COVID-19.

13,946 (thousand) transactions amounting to Nu. **30 billion** digital payments through mobile and internet banking was recorded in Q2 of 2020. The q-o-q growth was **24%** and **9%** in volume and value respectively.

Figure 5: MB and IB

During the quarter (April 2020), TashiCell launched its mobile wallet app e-Teeru and since have registered **35,104** subscribers, carried out **102,474** transactions amounting to Nu. **35.96** million as of June 2020.

On the other hand, BT's mobile wallet B-Ngul with **52,373** subscribers as of June 2020, carried out **11,054** transactions amounting to Nu. **6.35** million as of June 2020

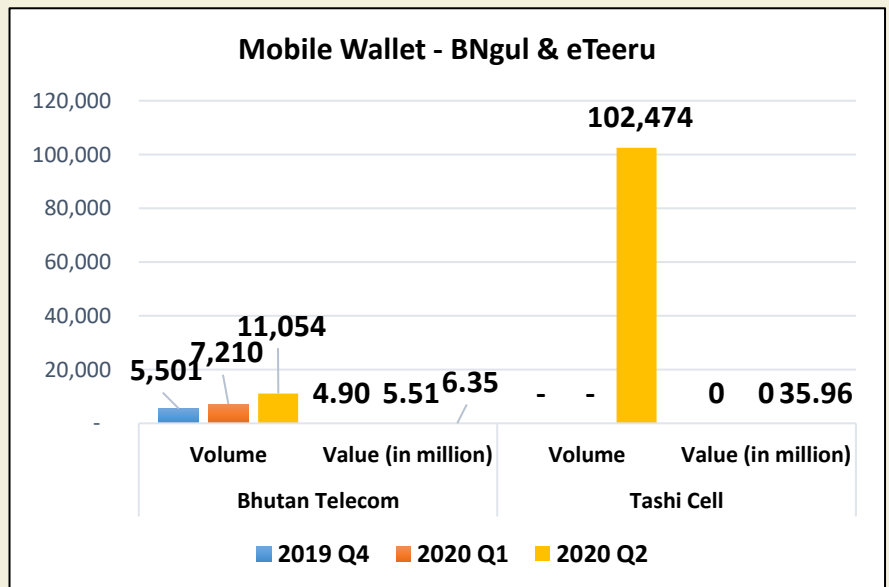


Figure 6: Mobile Wallet

Wallets accounts to **0.24%** of the market share. Of which, **60%** belongs to BNgul and **40%** belongs to eTeeru in 2020 Q2.

Further, in March 2020, RMA has issued advisory note on Covid-19 to facilitate non-cash digital payment to encourage general public to opt for digital payments (like mobile banking and internet banking) via allowing merchant payments and revised the daily transaction limits for all eMoney transactions.

5. Electronic Payment : GIFT

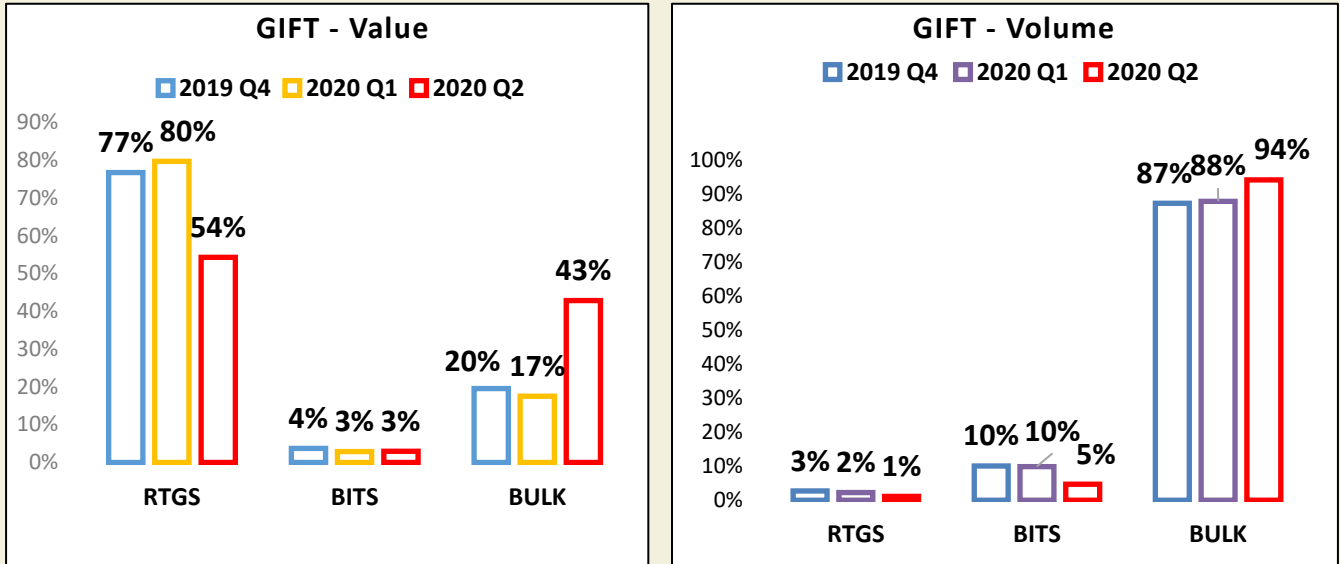


Figure 7: GIFT – Volume & Value

In Q2 2020, as depicted in figure 7 above, large value fund transfer through the GIFT-RTGS saw a decline of **1%** and **26%** in both volume and value of transactions processed. GIFT-RTGS are mostly used by the businesses to make interbank large value fund transfer within Bhutan.

On the other hand, the number of BULK transactions saw a q-o-q growth of **6 %** because of the disbursement of Royal Kidu since March 2020.

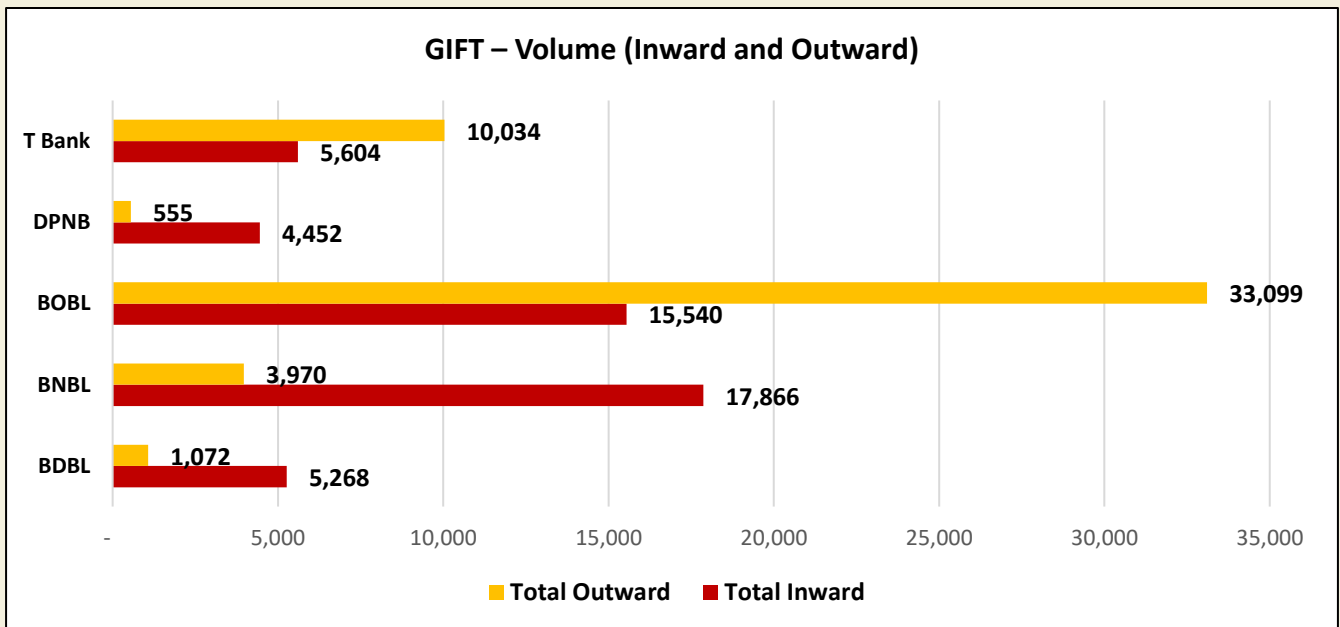
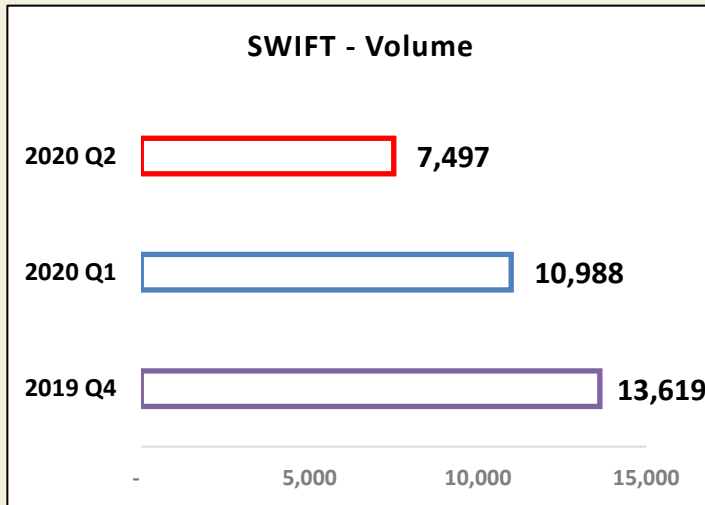


Figure 8: GIFT – Total (Inward and Outward)

As depicted in figure 8 above, BOBL has sent the maximum number of outward transactions, followed by T Bank. For inward, BNBL has received the maximum transactions, followed by BOBL.

6. SWIFT : Society for Worldwide Interbank Financial Telecommunication



SWIFT transactions volume in 2020 Q2 stood at **7,497** registering about **32%** decline.

Figure 9 : SWIFT Volume

As shown in figure 10, USD has dominated the market share, followed by EURO. In terms of bank performance, BOBL has recorded the maximum number of transactions, followed by BNBL.

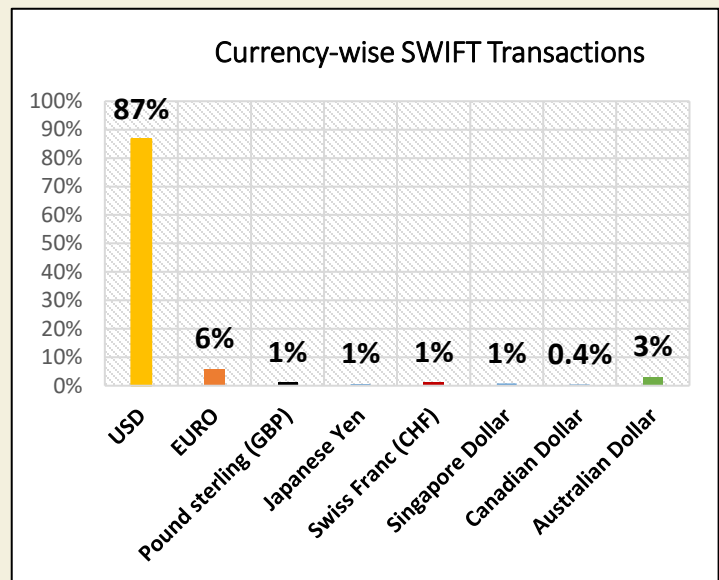


Figure 10 : Currency-wise Transactions

Appendix

Table 1 : Cheque Transactions

Quarter	Volume	Value
2019 Q1	271	72,514.41
2019 Q2	332	85,724.19
2019 Q3	248	69,643.05
2019 Q4	249	66,291.29
2020 Q1	219	65,893.02
2020 Q2	150	72,955.09

Table 2 : Cheque Return Charges

Month	Total return	Non-chargeable	Chargeable	Value
Jan-20	407	114	293	80,700.00
Feb-20	303	71	232	66,000.00
Mar-20	392	119	273	76,900.00
Apr-20	112	49	63	185,286.78
May-20	77	59	18	21,901.40
Jun-20	70	54	16	59,100.67

Table 3 : Mobile and Internet Banking

Quarter	Volume	Value
2019 Q4	8,939	25,843.52
2020 Q1	11,215	27,691.75
2020 Q2	13,946	30,132.17

Table 4 : GIFT Inward

Bank	RTGS						BITS						BULK					
	2019 Q4		2020 Q1		2020 Q2		2019 Q4		2020 Q1		2020 Q2		2019 Q4		2020 Q1		2020 Q2	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
BDBL	43	235.54	50	272.74	68	517.48	182	19.72	179	23.08	187	34.27	2390	66.46	2295	302.30	5013	761.09
BNBL	155	1,876.51	111	1,890.50	140	1,077.31	280	73.74	290	65.01	265	55.51	3717	374.07	4712	357.27	17461	797.48
BOBL	216	2,719.16	196	6,677.68	162	3,195.33	1444	170.64	1464	176.64	1279	129.04	7116	1,171.33	7644	1,227.58	14099	2,508.94
DPNB	111	1,532.63	108	665.01	136	1,136.82	264	78.34	257	68.08	269	95.27	415	143.69	448	184.86	4047	809.11
T Bank	75	1,010.76	42	342.65	48	535.86	95	16.29	88	15.71	128	21.73	6074	121.98	5216	88.72	5428	228.52
Total	600	7,374.59	507	9,848.58	554	6,462.80	2265	358.73	2278	348.53	2128	335.82	19712	1,877.53	20315	2,160.72	46,048.00	5,105.14

Table 5 : GIFT Outward

Bank	RTGS						BITS						BULK					
	2019 Q4		2020 Q1		2020 Q2		2019 Q4		2020 Q1		2020 Q2		2019 Q4		2020 Q1		2020 Q2	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
BDBL	28	426.77	12	178.55	13	101.58	7	0.52	63	4.47	23	3.49	846	298.49	784	516.87	1036	731.72
BNBL	225	1,651.65	198	3,424.67	174	1,377.21	1575	191.70	1419	178.75	1392	155.09	2047	32.38	2165	39.39	2404	63.90
BOBL	268	3,776.75	223	2,546.61	314	2,395.23	487	140.08	494	129.03	562	160.28	11908	513.56	11896	764.65	32223	2,341.39
DPNB	67	1,478.08	64	2,866.87	41	2,093.96	186	26.14	214	30.35	151	16.96	201	29.63	202	84.30	363	109.24
T Bank	12	41.34	10	831.87	12	494.82	10	0.30	88	5.92	0	-	4710	1,003.47	5268	755.50	10022	1,858.89
Total	600	7,374.59	507	9,848.58	554	6,462.80	2265	358.73	2278	348.53	2128	335.82	19712	1,877.53	20315	2,160.72	46,048.00	5,105.14

Table 6 : SWIFT Transactions

Bank	Currency								
	USD	EURO	Pound sterling (GBP)	Japanese Yen	Swiss Franc (CHF)	Singapore Dollar	Canadian Dollar	Australian Dollar	Total
BOBL	3152	205	49	28	81	61	32	231	3839
RMA	126	16	1	9	6	0	0	0	158
BNB	2710	205	41	8	0	0	0	0	2964
DPNB	336	13	1	0	0	0	0	0	350
T Bank	175	1	4	0	0	0	0	6	186
Total	6499	440	96	45	87	61	32	237	7497

Table 7 : Wallets

Quarter	BNgul (BT)		eTeeru (Tashi Cell)	
	Volume	Value (in million)	Volume	Value (in million)
2019 Q4	5,501	4.90	-	0
2020 Q1	7,210	5.51	-	0
2020 Q2	11,054	6.35	102,474	35.96

Table 8 : Card – ATM and POS

Quarter	Volume	Value
2019 Q4	2352	8773.05
2020 Q1	2370	8708.51
2020 Q2	1860	6160.26

Table 9 : RuPay

Month	ATM		PoS	
	Volume	Value	Volume	Value
Jan-20	1027	3,203,950.00	17	36,065.00
Feb-20	913	3,249,300.00	8	19,270.00
Mar-20	824	3,335,300.00	7	15,980.00
Apr-20	716	2,484,450.00	0	-
May-20	697	2,217,900.00	0	-
Jun-20	359	1,337,700.00	0	-
Total	4536	15,828,600.00	32	71,315.00