

4/23/2021



QUARTELY PAYMENT SYSTEM REPORT

2021 Q1 (January – March)

FOREWORD

We are delighted to share the **2021 Q1** report. The report highlights the outlook of payment channels – in terms of volume, value and usage, observed in the first quarter (January 2021- March 2021) of 2021. The report from this quarter shall include inward remittances received from non-resident Bhutanese residing abroad and international payment gateway transactions.

For easy reference, the report has been categorized as - 1) Domestic payment transactions
2) Regional and International transactions.

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

VOLUME & VALUE OF DOMESTIC PAYMENT TRANSACTIONS –2021 Q1 IN FOCUS



Mobile & Internet
Banking

26.63 million
transactions
amounting to Nu.
64.81 billion



Bhutan QR Code

3.57 million
transactions
amounting to Nu.
3.89 billion



Card – ATM & POS

1.22 million
transactions
amounting to Nu.
4.38 billion



e-Money

230.40 thousand
transactions
amounting to Nu.
105.67 million



Cheque

108.72 thousand
transactions
amounting to Nu.
39.73 billion



Domestic Payment
Gateway

115.65 thousand
transactions
amounting to Nu.
117.26 million

CROSS - BORDER PAYMENT TRANSACTIONS – 2021 Q1 IN FOCUS



Acquirer

323 Transactions
amounting to INR
1.41 million



Issuer

332 Transactions
amounting to INR
1.40 million



8,501 Transactions



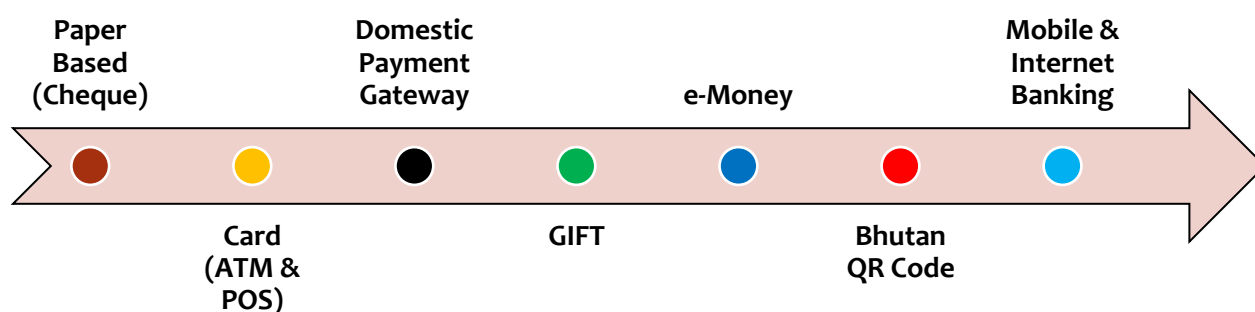
*International Payment
Gateway*

391 Transactions
amounting to Nu.
27.99 million

Domestic Payment Transactions



1. DOMESTIC PAYMENT CHANNELS



In the first quarter of 2021, a total of **31.92** million payment transactions valued at **Nu. 167.01** billion were made through the domestic payment channels. Domestic payment transactions include transactions effected within Bhutan through the following channels viz. Cheques, Mobile and Internet Banking, QR payments, Payment Gateway, e-money, electronic fund transfer and Card transactions.

Table 1: Payment Transactions – 2021 Q1

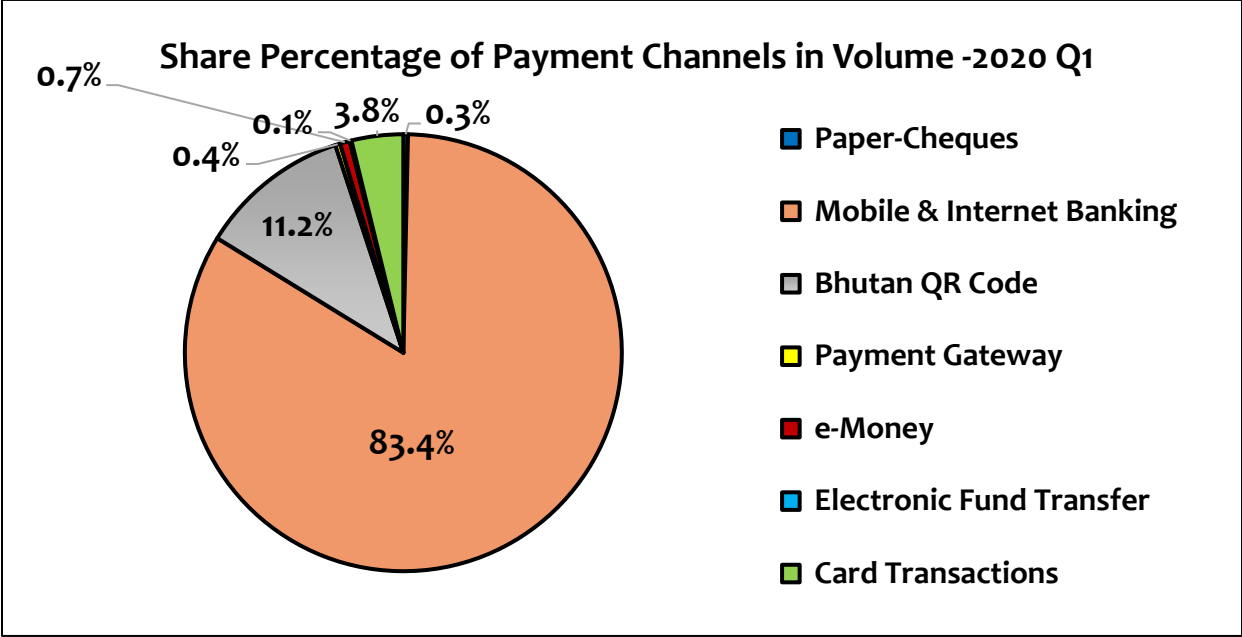
Payment Channels	2021 Q1	
	Volume in thousands	Value in millions
Paper-Cheques	108.72	39,737.21
Mobile & Internet Banking	26,634.53	64,807.37
Bhutan QR Code	3,568.81	3,886.11
Payment Gateway	115.65	117.26
e-Money	230.40	105.67
Electronic Fund Transfer	43.72	53,975.57
Card Transactions	1,218.27	4,377.71
Total	31,920.09	167,006.90

In the Q1, Mobile and internet banking accounted for **83.4%** and **38.8%** in volume and value terms respectively. The volume of mobile and internet banking saw an exponential q-o-q growth of **137.5%** in 2021 Q1. Similarly, the GIFT platform saw an increase of **89.3%** over 2020 Q1 in fund transfers (B2B, B2C, B2P, G2B, G2P, P2P) both by the businesses and government agencies and onboarding of new entities on the GIFT platform for disbursement of salaries, loans and pensions.

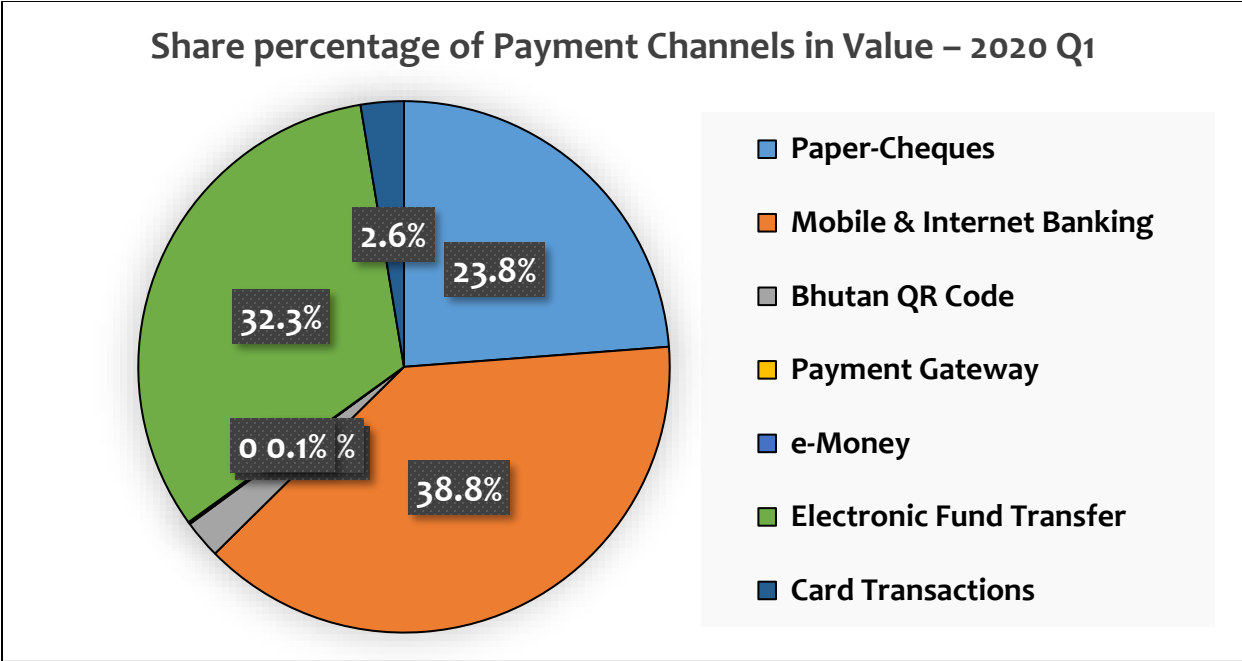
The volume of cheque transactions continued to decline in Q1. Compared to Q1 2020, cheque usage declined by **50.4%** in 2021 Q1. However, cheque still account for **23.8%** of the market share in value terms in 2021 Q1.

The graph below depicts the share percentage of payment channels in volume in 2020 Q1 – mobile and internet banking with majority share (83.4%) and electronic fund transfer through GIFT with the least (0.1%). In terms of value, mobile and internet still remained on the top (38.8%) followed by Cheque (23.8%).

Graph 1: Share percentage of Payment Channels in Volume – 2020 Q1



Graph 2: Share percentage of Payment Channels in Value – 2020 Q1



A) MOBILE AND INTERNET BANKING

With timely enhancement on the daily limits on mobile and internet banking including interbank fund transfer from Nu. 200,000 per day to Nu. 1 Million per day, payments through mobile and web application allowed many economic activities (such as purchase of groceries other essential goods, payment for services like telecommunications, utilities, and many more). Also, because of its mobility, mobile and internet banking has become one of the most preferred modes of payment channels among the users.

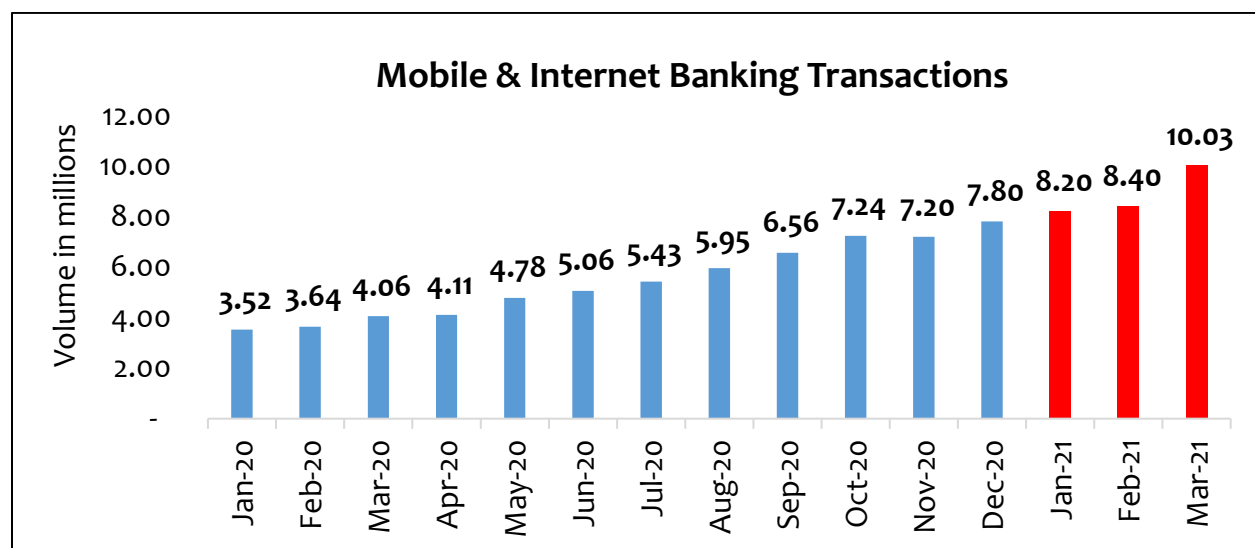
Over the years, the volume of mobile and internet has been increasing significantly.

The rate of increase in the transactions was **137.5%** in 2021 Q1 over 2020 Q1.

To reach the unbanked/illiterate population, on boarding of new users on mobile applications have been relaxed especially during the nationwide lockdowns. For example, a customer can simply download the application on his/her phone and register for banking services through online without having to visit the bank.

A total of **33K** new users have been onboarded in the 2020 Q1, totaling the total mobile app users to **380K** as of 31st March 2021, in the country.

Graph 3: Mobile & Internet Banking Transactions (2020 – 2021 Q1)



B) BHUTAN QR CODE

In the first quarter of 2021, a total of **3,568.81** thousand transactions were recorded valued at **Nu. 3.89** billion, an exponential growth rate of **56.2%** over 2020 Q4. BOBL has recorded **3.23** million transactions valued at **Nu. 3.49** billion, followed BNB with **0.28** million transactions valued at **310.87** million.

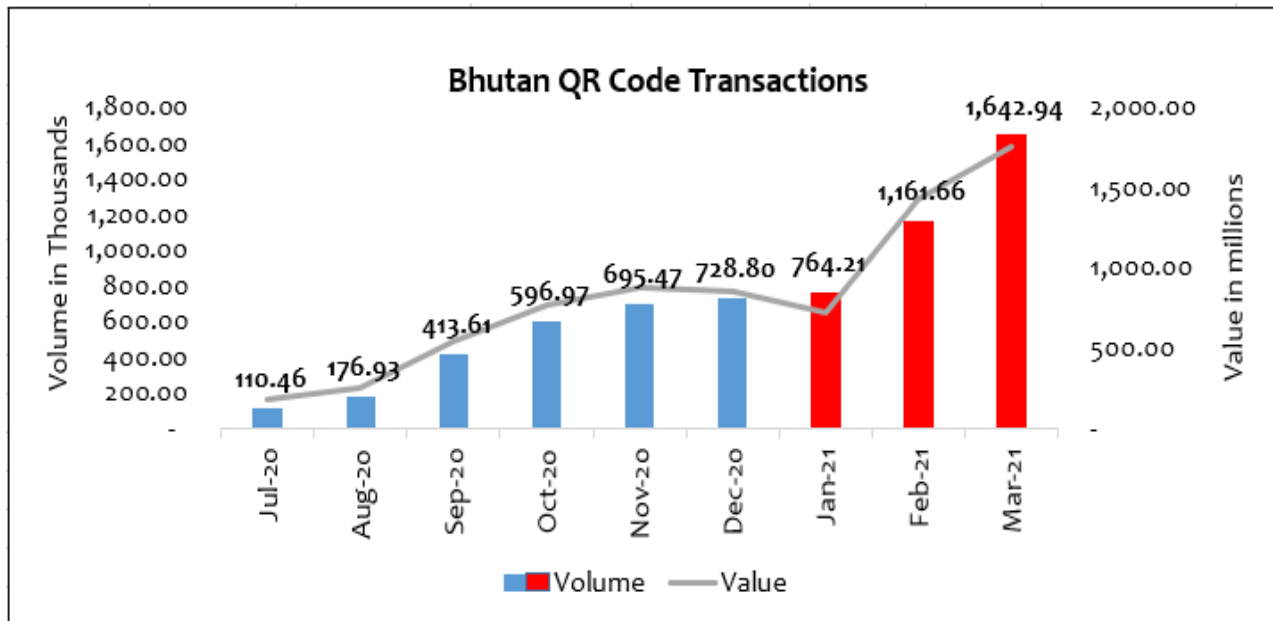
During the quarter, a total of **20K** new merchants were onboarded by the member banks. Of which, **67.0%** belongs to BOBL, followed by BNBL with **18.6%**. In

terms of dzongkhag wise, Thimphu has the maximum merchants with **9K**, Chhukha with **2K** and Gasa with the least number of merchants onboarded (**42** only).

Table 1 - Merchants onboarded on Bhutan QR Code

Banks	Merchants onboarded
BOBL	13,732
BNBL	3,800
T-Bank	2,611
BDBL	338
Total	20,481

Graph 4 – Bhutan QR Code Transactions (July 2020 – March 2021)



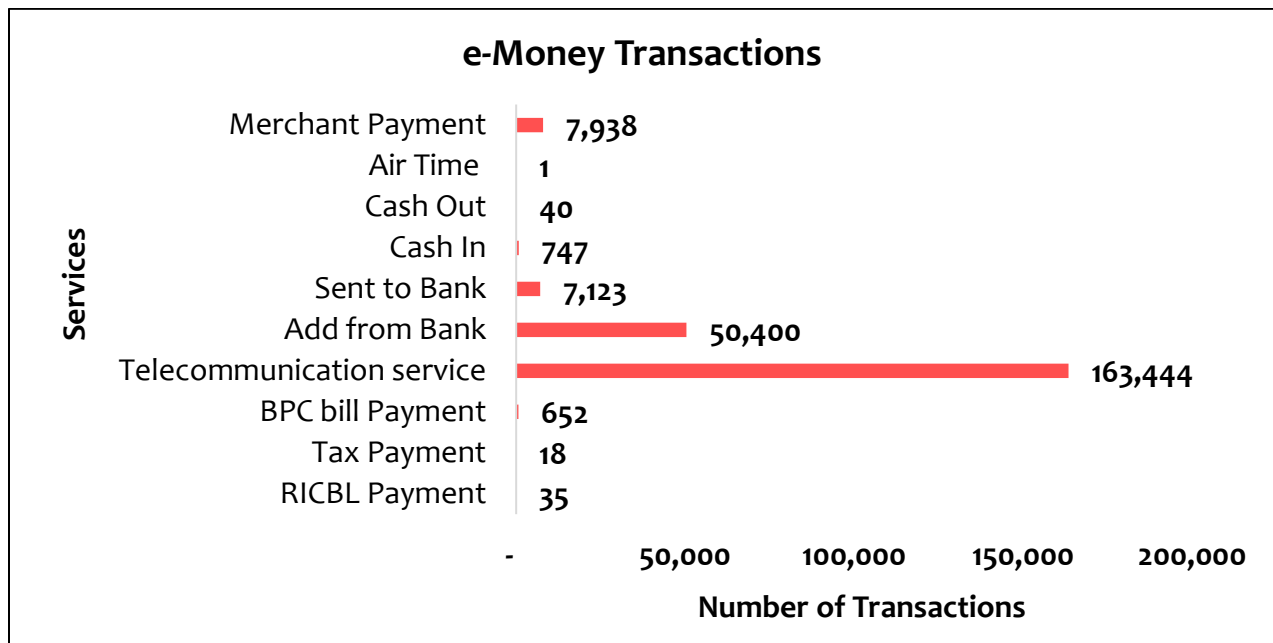
C) E-MONEY – B-NGUL AND E-TEERU

Currently, there are two licensed e-Money institutions in the country – B-Ngul, owned and operated by Bhutan Telcom, and e-Teeru, owned and operated by TashiCell. B-Ngule has been in operation since 2018 and the latter in the year 2020. In the 2021 Q1, B-Ngul and e-Teeru have recorded **3,884** and **226,554** transactions amounting to **Nu. 2.31** million and **Nu. 103.36** million, respectively.

As of 31st March 2021, B-Ngul and e-Teeru have on-boarded **55K** and **56K** users, respectively.

Amongst the services offered by an e-Money institution, telecommunication service dominated the maximum portion of the transactions with **70.9%**, followed by add from bank with **21.9%**.

Graph 5 – e-Money Transactions

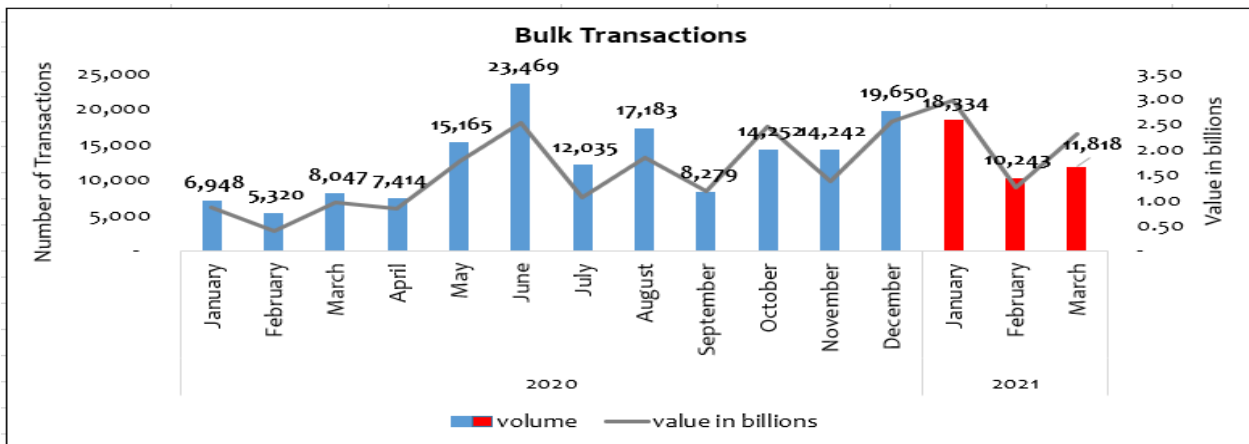
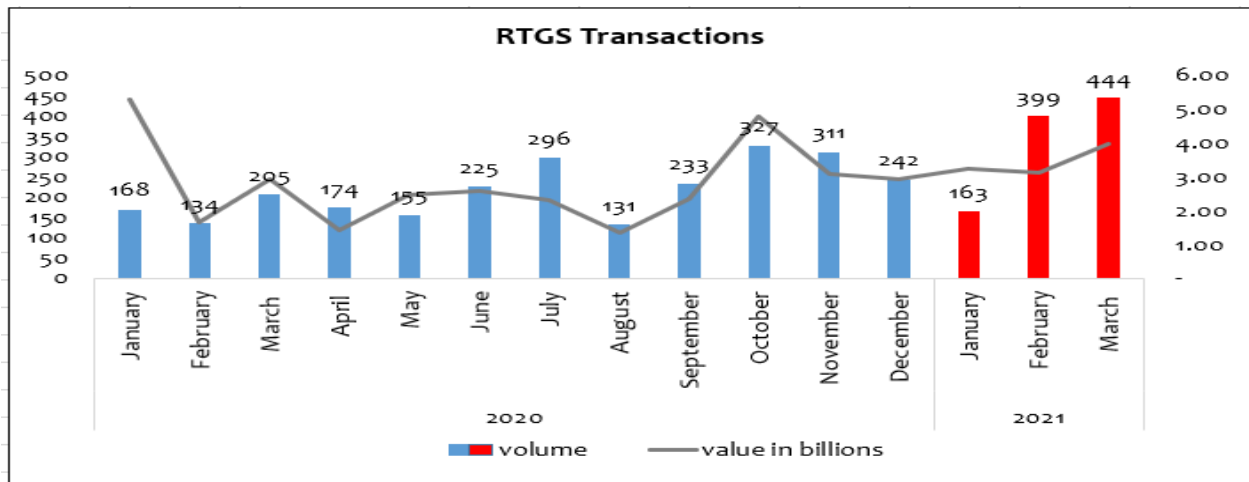


D) GIFT – RTGS, BITS AND BULK

With the launch of the GIFT system with e-PEMS in the year 2019, the RMA has played a pivotal role in ensuring seamless inter bank fund transfers through RTGS, BITS and BULK. Almost **99.9 %** of the government’s inter-bank transactions are routed through GIFT. Further, with the onboarding of more entities on the GIFT platform - for the disbursement of salaries, loans, pensions, B2B, B2C, G2B, G2P, P2P, etc. the transaction volume of GIFT is

increasing steadily over the years as illustrated below. The rate of increase in RTGS in 2021 Q1 was **98.4%** and **4.6%** in volume and value terms over 2020 Q1. With Bulk, the volume and value of transactions has soared to **98.8%** and **200.5%**, respectively over 2020 Q1. Awareness created by the banks and RMA also contributed to the growth in transactions volume besides the GIFT system being convenient and efficient (REALTIME).

Graph 6 – GIFT Transactions – RTGS and BULK

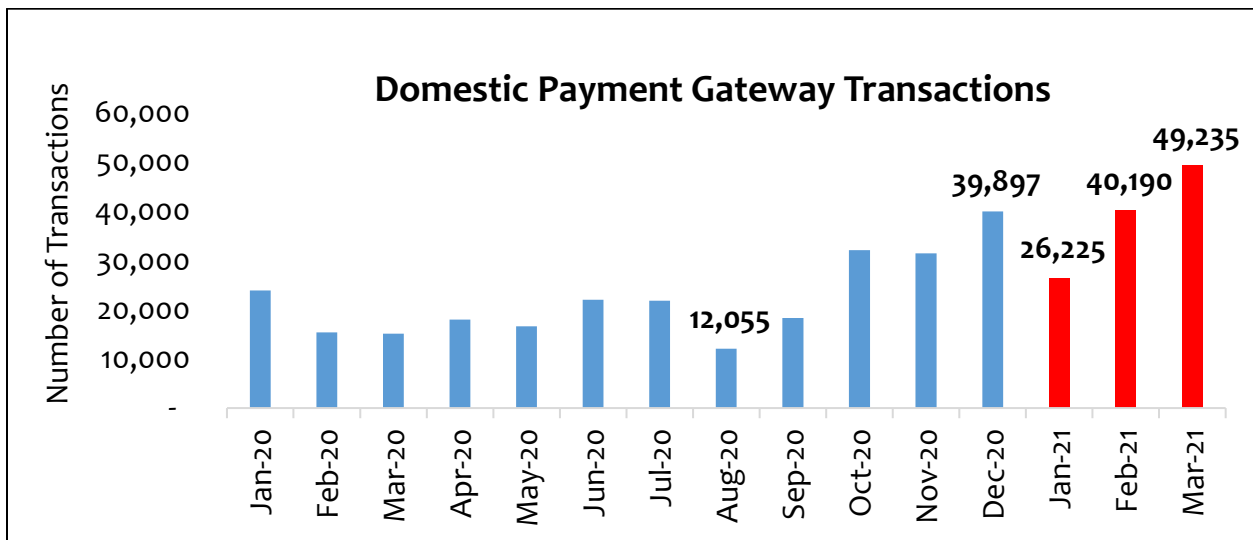


E) DOMESTIC PAYMENT GATEWAY

The RMA has been facilitating domestic payment gateway facilities to any interested government agencies, corporates, private organizations, and individual merchants wishing to host their web/mobile application on the merchant portal hosted at the RMA to make their services easily available to the customers without having to visit physically to make payment for services or purchase it online at their convenience. The transactions volume of DPG has been increasingly steadily over the years, the rate of increase in 2021 Q1 was **112.9%** and **253.6%** in volume and value terms respectively over 2020 Q1. In the 2021 Q1, a total of **115,650** transactions valued at **Nu. 117.2** million was routed through domestic payment gateway.

Currently, there are **44** entities/private/merchants onboarded on the domestic payment gateway platform.

Graph 7 – Domestic Payment Gateway Transactions



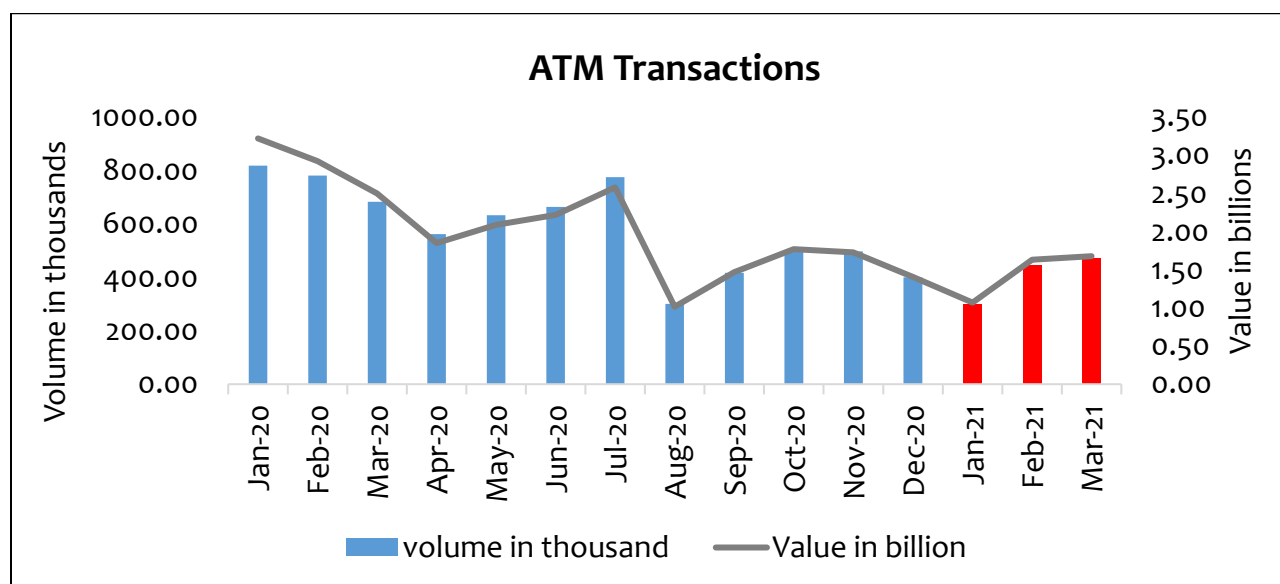
F) CARD – ATM AND POS

In the first quarter of 2021, a total of **1,217.9** transactions valued at **Nu. 4.38** billion was made – a decline of **47%** and **49%** in volume and value terms over 2020 Q1. The decline in the ATM transactions was contributed by an increase in mobile and internet banking, and Bhutan QR Code. These two payment channels have become the most preferred payment modes at merchants or any public service deliveries. One of the contributing factors could be due to the ongoing COVID-19 pandemic which has created a fear that the virus could spread from the physical cash.

In terms of dzongkhag wise ATM withdrawal, Thimphu has recorded the maximum number of ATM withdrawals **446.4** thousand transactions amounting to **Nu. 1.5** billion in the 2020 Q1, followed by Chhukha with **154.4** thousand transactions amounting to **Nu. 595.1** million. Gase dzongkhag recorded the lowest ATM transactions of **3,188** valued at **Nu. 10.8** million.

POS machines recorded **288** transactions amounting to **Nu. 0.9** million in the first quarter of 2021.

Graph 8 –ATM Transactions



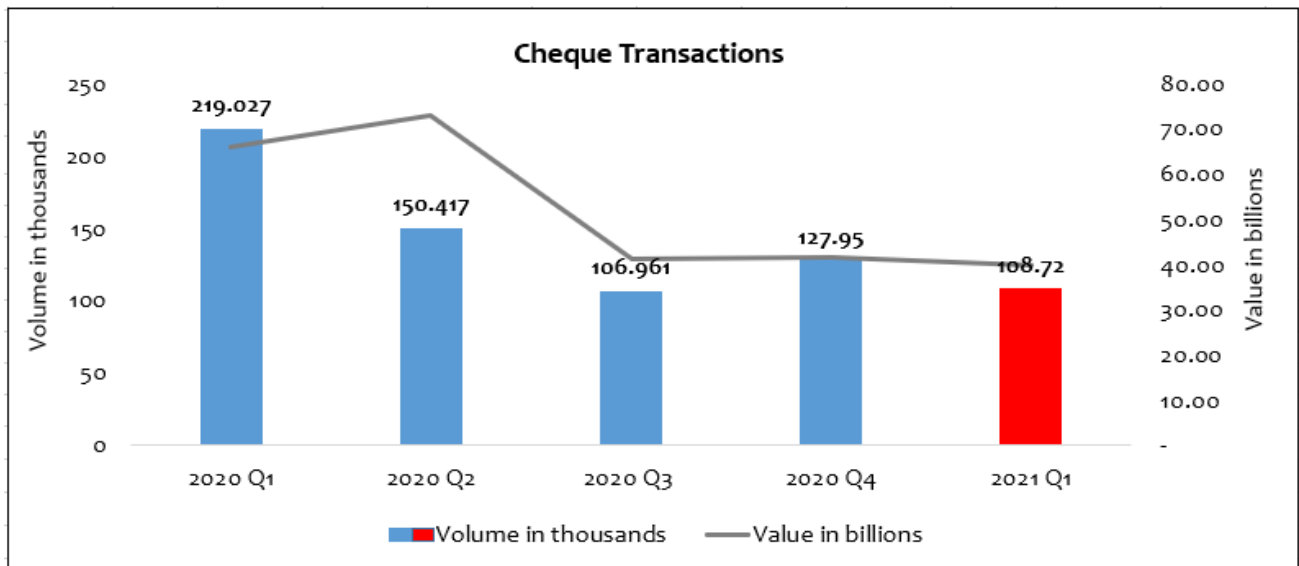
G) PAPER BASED (CHEQUE)

Even though the volume of cheque is declining over the years, cheque is still one of the preferred channels for high value payments. In 2021 Q1, a total of **108.7** thousand transactions valued at **Nu. 39.74** billion was recorded - a decline of **15%** and **4.2%** in volume and value terms over 2020 Q1. Further, the decline in the number of cheques could partially be due to the nationwide lockdown 2.0 which had lasted till January 2021. Another reason could be increase in the volume of GIFT -RTGS which is REAL TIME settlement (does not follow deferred net settlement).

Table 1 – Cheque Transactions

Quarter	Volume in thousands	Value in billions
2020 Q1	219.027	65.89
2020 Q2	150.417	72.96
2020 Q3	106.961	41.29
2020 Q4	127.95	41.47
2021 Q1	108.72	39.74

Graph 9 – Cheque Transactions



Regional and International Transactions



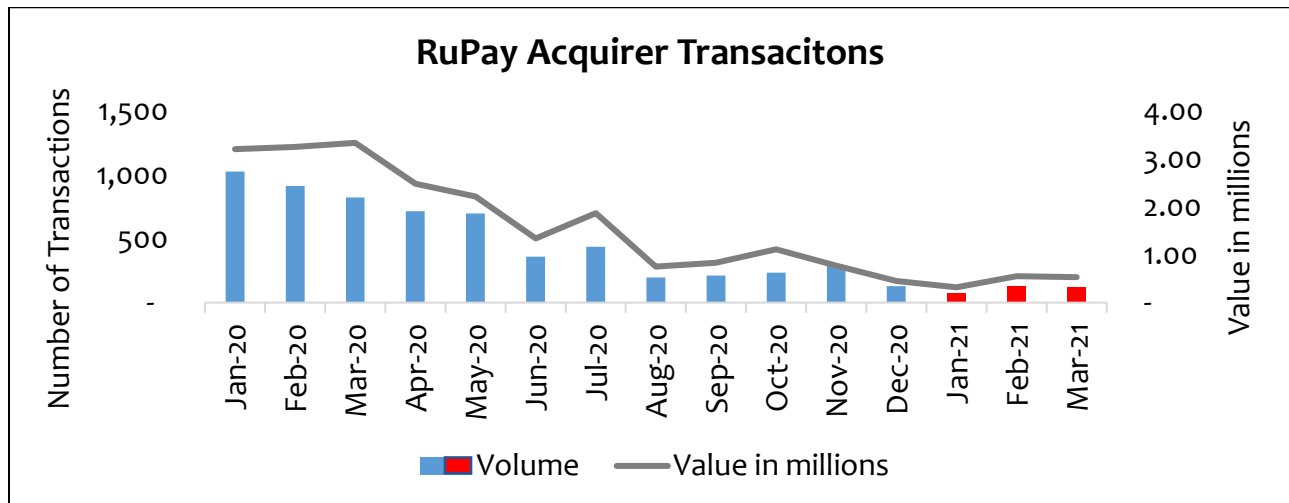
2. REGIONAL AND INTERNATIONAL TRANSACTIONS

A) REGIONAL TRANSACTIONS - RUPAY

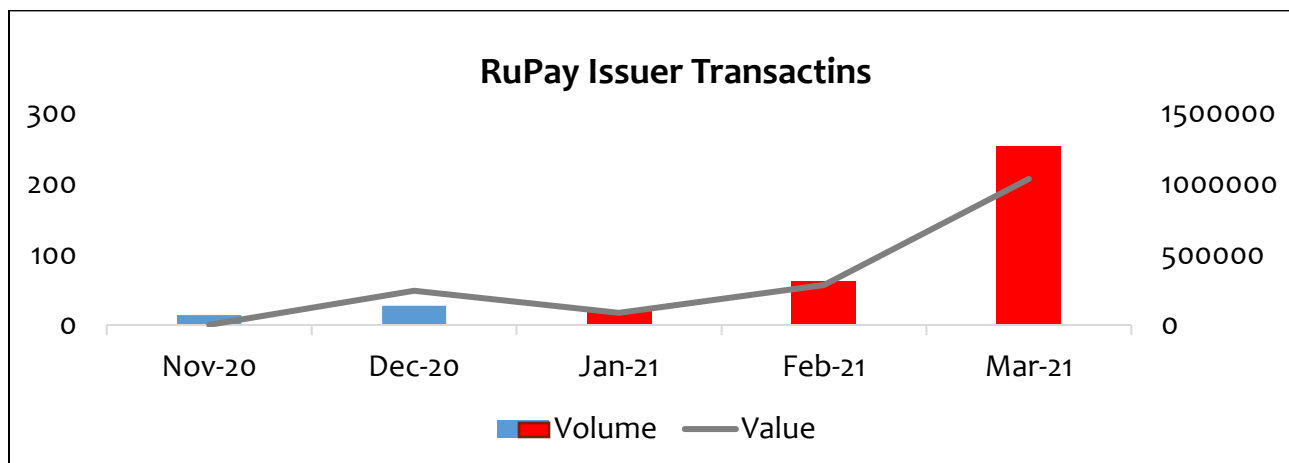
In the first quarter of 2021, a total of **323** RuPay transactions amounting to **INR 1.4** million was acquired through ATM withdrawals in the country. Whilst, **332** RuPay transactions valued at **INR 1.4** was issued through ATM withdrawals in India. The decline in the inward INR could be due to closer of all international borders due to the COVID-19 pandemic which has greatly affected the tourism sector around the world. However, the transaction volume of RuPay issuing has been increasing steadily as shown in Graph 10.

As of March 2021, a total of **1,609** RuPay cards have been issued to students, corporate and private employees, government agencies, and monks.

Graph 10 – Acquirer Transactions



Graph 11 – Issuer Transactions

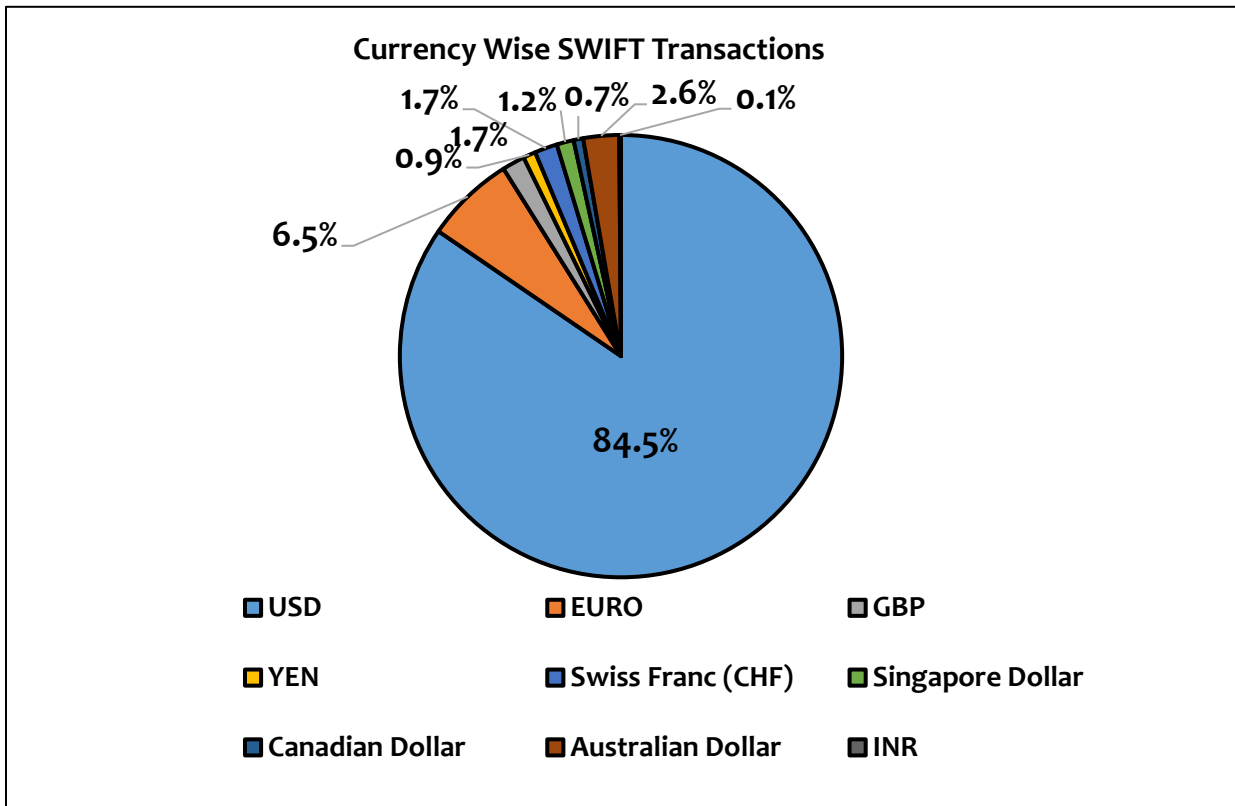


B. INTERNATIONAL TRANSACTIONS – SWIFT AND ACU

SWIFT has been facilitating trading of currencies, investment (short and long term), and payments of government's debt since 2005. USD covered the maximum portion of the SWIFT transaction in volume with **84.5%**, followed by EURO with **6.5%**. whilst, in terms of value INR dominated in 2020 Q1.

Asian Clearing Union (ACU) recorded **191** transactions valued at **USD 53.9** million in 2021 Q1.

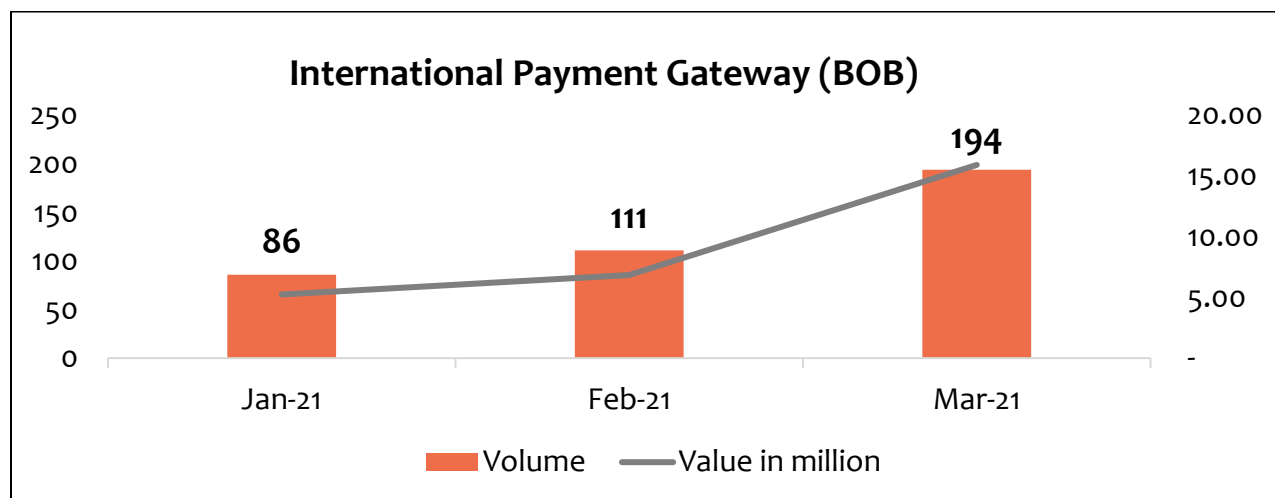
Graph 12 – Currency Wise SWIFT Transaction



C. INTERNATIONAL PAYMENT GATEWAY

Currently BOB and BNB have been facilitating international payment gateway to the government agencies, private individuals in tourism sector and merchants. In the first quarter of 2021, BOB has recorded a total of **391** transactions amounting to **Nu. 27.9** million. Whilst, BNB did not record any IPG transactions.

Graph 13 – International Payment Gateway Transactions



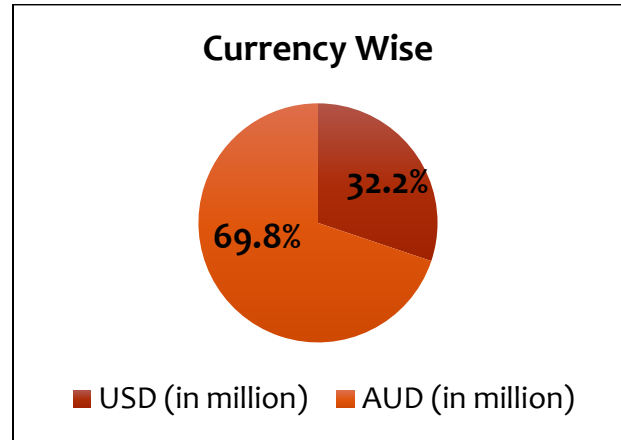
As of 31 March 2021, BOB and BNB have onboarded **269** and **263** IPG users, respectively. Most of the transactions were made for ecommerce (online purchase of goods and services), and fees for postal services. In terms of merchant categories, the list includes government agencies, corporate agencies, and individual merchants.

3. REMITTANCE

Bhutanese residing in Australia, USA, Middle East, and European countries have been increasing over the years.

During the first quarter of 2021, Bhutan received a total of **18,726** transactions valued at **USD 21.76** million. T Bank recorded the maximum inflow of remittance with **79.0%**, Bhutan Post-Western Union with **19.8%**, followed by BOB with **0.9%** of the total remittance.

Graph 14 – Currency Wise



Graph 15 – Remittance Channels

