

Performance of the Payment System in Q3 2014

Payment statistics in the third quarter (Q3) of 2014 show that the payment system continued to operate in a stable and efficient manner and the volume of payment transactions expanded steadily.

I. Non-Cash Payment Instruments

In Q3 2014, a total of 16.207 billion non-cash payment transactions were processed, involving the transfer of 457.98 trillion yuan, an increase of 26.33 percent and 10.92 percent respectively year on year, with the number of transactions accelerating 5.84 percentage points year on year, but the transfer volume decelerating 14.95 percentage points.

1. Negotiable Instruments

The transaction volume of negotiable instruments declined year on year, but the actually settled volume of commercial bills of exchange continued to increase year on year. In Q3, a total of 142 million negotiable instrument transactions took place, involving 65.69 trillion yuan, declining 17.59 percent and 7.66 percent year on year respectively. In particular, the number and value of check transactions was 135 million and 58.79 trillion yuan respectively, down 18.29 percent and 8.00 percent respectively year on year; the number and value of commercial draft settlement transactions was 4.7925 million and 4.94 trillion yuan respectively, up 13.83 percent and 2.77 percent respectively; the number and value of bank draft transactions was 760,200 and 398.097 billion yuan respectively, down 18.21 percent and 23.55 percent; the number and value of bank promissory note transactions was 1.1105 million and 999.196 billion yuan respectively, down 27.77 percent and 31.82 percent.

The transactions of Electronic Commercial Drafts System increased rapidly. In Q3, the system produced 223,800 electronic commercial drafts totaling 832.51 billion yuan in value, up 58.90 percent and 99.69 percent respectively year on year; the number and value of acceptance transactions posted 229,300 and 859.112 billion yuan respectively, up 59.06 percent and 101.87 percent; the number and value of discount transactions posted 66,500 and 438.188 billion yuan respectively, up 98.26 percent and 198.34 percent; the number and value of rediscount transactions posted 133,600

and 1,370.723 billion yuan respectively, up 152.89 percent and 210.27 percent.

2. Bankcards

The issuance of bankcard increased steadily. As of the end of Q3, a total of 4.746 billion bankcards were issued, up 4.55 percent quarter on quarter, representing a acceleration of 1.15 percentage points from Q2. Specifically, 4.310 billion debit cards were issued, up 4.68 percent quarter on quarter; 436 million credit cards were issued, up 3.34 percent quarter on quarter. The possession rate of bankcard was 3.50 bankcards per person, while the possession rate of credit card was 0.32 credit card per person.

The environment for bank card acceptance further improved. As of the end of Q3, 10.911 million merchants, 14.666 million POS terminals and 583,700 ATM were connected to the bankcard interbank payment system, up 98,070, 1.0848 million, and 23,000 respectively quarter on quarter. On average, each ATM covered 8,130 bankcards, up 0.42 percent quarter on quarter while each POS covered 324 bankcards, down 2.99 percent quarter on quarter.

The growth of bankcard transactions moderated. In Q3, a total of 15.382 billion bankcard transactions took place, involving the transfer of 112.66 trillion yuan, up 26.36 percent and 4.25 percent respectively year on year, and representing an acceleration of 5.58 percentage points and a deceleration of 18.28 percentage points respectively from the same period of the last year. Specifically, the number and value of cash depositing transactions was 2.196 billion and 17.28 trillion yuan respectively, the number and value of cash withdrawing transactions was 5.106 billion and 18.15 trillion yuan, the number and value of fund transfer transactions was 2.948 billion and 64.42 trillion yuan, and the number and value of bankcard payments for retail consumption was 5.132 billion and 10.81 trillion yuan.

Bankcard payments for retail consumption increased rapidly. In Q3, the number and value of bankcard payment transactions for retail consumption increased by 54.91 percent and 30.66 percent respectively year on year, among which the number and value of interbank payments was 2.125 billion and 7.21 trillion yuan respectively, accounting for 41.41 percent and 66.67 percent of the total. The penetration rate of

bankcards was 47.71 percent, flat with the level in Q2. The average per capita value of bankcard payments for consumption was 7,976.91 yuan, up 30.83 percent year on year while the average per card value of bankcard payments for consumption was 2,277.54 yuan, up 9.18 percent; the average per transaction value of bankcard payments for consumption was 2,106.44 yuan, down 15.65 percent.

Bankcard credit expanded moderately and the utilization rate of line of credit ^① rose further. At the end of Q3, the aggregate credit line of credit cards was 5.32 trillion yuan, up 22.48 percent year on year. The aggregate outstanding amount payable was 2.19 trillion yuan at the end of the period, up 28.74 percent year on year and 7.14 percent quarter on quarter, and representing an increase of 146.022 billion yuan from the end of Q2. The credit line per credit card averaged 12,200 yuan, and the utilization rate of credit line averaged 44.17 percent, up 2.01 percentage points from the same period of last year. The aggregate amount overdue for half a year was 35.164 billion yuan, up 9.46 percent quarter on quarter. The share of amount overdue for half a year accounted for 1.60 percent of the total outstanding amount payable, up 0.03 percentage point from the end of Q2.

3. Remittance and Other Transactions

Remittance, bank collection of payments on behalf of recipients, and other transactions continued to grow. In Q3, the total number and value of remittance transactions, bank collection of payments on behalf of recipients and other settlement business was 684 million and 279.83 trillion yuan respectively, up 41.08 percent and 19.66 percent year on year respectively, representing an acceleration of 11.63 percentage points and a deceleration of 21.44 percentage points year on year. In particular, the number and value of remittance transactions was 676 million and 273.37 trillion yuan, accounting for 98.85 percent and 97.76 percent respectively in the total number and value of remittance, bank collection of payments on behalf of recipients and other settlement transactions, up 41.90 percent and 19.30 percent respectively year on year, representing an acceleration of 11.78 percentage points and a deceleration of 22.15 percentage points from the same period of last year.

4. Electronic Payments

^① The aggregate outstanding amount payable as a percentage in the aggregate credit line of credit cards at the end of the period.

Electronic payments grew rapidly and growth of mobile payments remained elevated. In Q3, banks processed a total of 8.4 billion electronic payments^② transactions involving the transfer of 373.32 trillion yuan, up 26.06 percent and 31.92 percent respectively year on year. In particular, the number and value of online payment transactions was 7.083 billion and 365.59 trillion yuan respectively, up 16.61 percent and 31.05 percent respectively year on year; the number and value of telephone payments was 33 million and 1.57 trillion yuan respectively, down 63.72 percent and 38.23 percent year on year; the number and value of mobile payments was 1.284 billion and 6.16 trillion yuan respectively, up 157.81 percent and 112.70 percent year on year.

In Q3, payment institutions processed 9.567 billion network payment^③ transactions with a total value of 6.33 trillion yuan, up 97.71 percent and 131.02 percent respectively year on year.

II. Payment System

In Q3, the payment system^④ processed 8.015 billion payment transactions with a total volume of 902.21 trillion yuan, with the volume amounting to 59.80 times of the GDP in Q3.

Looking at the fund flow in the payment system^⑤, the amount of intra-provincial fund flow accounted for 46.63 percent of total fund flow in China in Q3. However, in 17 provinces (municipalities and autonomous regions), the inter-provincial fund flow exceeded 50 percent of cash flow in these provinces.

1. PBC Payment System

In Q3, the PBC payment system^⑥ processed 1.117 billion payment transactions, with

^② The electronic payments refer to payment transactions where payment orders are given through online banking, telephone banking, mobile banking and other electronic channels, and include three categories, i.e. online payment, telephone payment and mobile payment.

^③ Network payments refer to internet payment, mobile phone payment, fixed line telephone payment, and digital TV payment business.

^④ Including high-value payment system(HVPS), bulk electronic payment system(BEPS), the online payment interbank clearing system, the intra-city bill clearing system, the domestic foreign currency payment system, the cheque image system(CIS), the intra-bank payment system of banking financial institutions, the interbank bankcard payment system, the city commercial bank fund clearing system, the rural credit bank fund clearing system.

^⑤ Including money transaction processed by HVPS, BEPS and the intra-bank payment systems of banking financial institutions.

^⑥ Including HVPS, BEPS, online payment interbank clearing system, intra-city bill clearing system, domestic foreign currency payment system, and the CIS.

a total value of 664.60 trillion yuan, up 48.30 percent and 21.81 percent respectively year on year, accounting for 13.93 percent and 73.66 percent of the total number and value of transactions processed by the entire payment system. The number and value of daily handled transactions averaged 13.3495 million and 10024.63 billion yuan respectively^⑦.

Transaction volume of the High Value Payment System (HVPS) continued stable growth. In Q3, the HVPS processed 186 billion payment transactions with a total value of 637.40 trillion yuan, up 17.92 percent and 22.54 percent year on year respectively. The number and value of daily handled transactions averaged 2.8213 million and 9657.504 billion yuan.

Transaction volume of the Bulk Electronic Payment System (BEPS) increased steadily. In Q3, the BEPS processed 384 million transactions with a total value of 5.59 trillion yuan, up 36.55 percent and 16.60 percent year on year respectively. The number and value of daily handled transactions averaged 4.1699 million and 60.766 billion yuan.

The transaction volume of online payment interbank clearing system increased rapidly. In Q3, the online payment interbank clearing system processed 447 million payment transactions with a total value of 4.80 trillion yuan, up 118.65 percent and 74.18 percent year on year respectively. The number and value of daily handled transactions averaged 4.856 million and 52.121 billion yuan respectively.

The transaction volume of intra-city bill clearing system declined by a small margin. In Q3, the intra-city bill clearing system processed 97 million payment transactions with a total value of 15.27 trillion yuan, down 9.22 percent and 8.18 percent year on year respectively. The number and value of daily handled transactions averaged 1.4639 million and 231.386 billion yuan respectively.

The transaction volume of the domestic foreign currency payment system maintained a growth momentum. In Q3, the system processed 530,400 payment

^⑦ In Q3 2014, the HVPS operated for 66 business days, the BEPS operated for 92 business days, the online payment interbank clearing system operated for 92 business days, the intra-city bill clearing system operated for 66 days, the domestic foreign currency clearing system operated for 66 business days, and the cheque image system operated for 92 business days.

transactions with a total volume of USD228.925 billion yuan (equivalent of 1408.459 billion yuan), up 41.45 percent and 26.95 percent year on year respectively. The number and value of daily handled transactions averaged 8,000 and USD3.469 billion (equivalent of 21.34 billion yuan) respectively.

The transaction volume of the Cheque Image System (CIS) declined modestly. In Q3, the system processed 2.7917 million payment transactions with a total value of 139.077 billion yuan, down 9.94 percent and 8.73 percent respectively year on year. The number and value of daily handled transactions was 30,300 and 1.512 billion yuan respectively.

2. Payment Systems of Other Institutions

The transaction volume of intra-bank payment systems of banking financial institutions expanded steadily. In Q3, the intra-bank payment systems of banks handled 3.799 billion transactions with a total value of 228.39 trillion yuan, up 41.75 percent and 20.75 percent respectively, accounting for 47.40 percent and 25.31 percent of the total number and value of transactions processed by the entire payment system. The number and value of daily handled transactions was 41.2967 million and 2,482.511 billion yuan respectively.

The transaction volume of the bankcard interbank payment system continued to grow steadily. In Q3, the system processed 3.042 billion payment transactions with a total value of 8.50 trillion yuan, up 18.32 percent and 18.53 percent year on year respectively, accounting for 37.96 percent and 0.94 percent of the total number and value of transactions handled by the entire payment system. The number and value of daily handled transactions was 33.0694 million and 92.36 billion yuan respectively.

The transaction volume of the city commercial bank bill processing system and clearing system grew steadily. In Q3, the system processed 377,400 payment transactions with a total value of 82.179 billion yuan, up 47.05 percent and 20.29 percent respectively year on year. The number and value of daily handled transactions averaged 4,100 and 893 million yuan respectively.

The transaction volume of the rural credit bank fund clearing system further

increased. In Q3, the system processed 56.469 million payment transactions with a total value of 644.742 billion yuan, up 80.43 percent and 13.77 percent respectively year on year. The number and value of daily handled transactions was 613,800 and 7.008 billion yuan respectively.

III. RMB Bank Settlement Account

The number of RMB bank settlement accounts grew steadily. As of the end of Q3, there were 6.294 billion RMB bank settlement accounts, up 3.84 percent quarter on quarter, an acceleration of 0.08 percentage point from the previous quarter.

The number of corporate bank settlement accounts rose further. As of the end of Q3, the number of corporate bank settlement accounts totaled 38.8486 million, accounting for 0.62 percent of the total, up 2.88 percent quarter on quarter, decelerating by 0.52 percentage point from the previous quarter. In particular, the number of primary deposit accounts, general deposit accounts, special deposit accounts, and temporary deposit accounts was 23.9121 million, 11.8539 million, 2.8695 million, 213,100 respectively, accounting for 61.55 percent, 30.51 percent, 7.39 percent and 0.55 percent of total corporate bank settlement accounts. Specifically, in this quarter, the number of primary deposit accounts, general deposit accounts, special deposit accounts increased 823,700, 226,900, 38,700 respectively, but the number of temporary deposit account declined by 3,000.

The number of personal bank settlement accounts continued the steady growth momentum. At the end of Q3, the personal bank settlement accounts posted 6.255 billion, accounting for 99.38 percent of the total, up 3.85 percent quarter on quarter, an acceleration of 0.08 percentage point from the previous quarter.