



NATIONAL BANK OF SERBIA

PAYMENT SYSTEM DEPARTMENT

**OVERVIEW OF DATA ON THE PROVISION OF
PAYMENT SERVICES AND E-MONEY ISSUING
FOR 2019-2020**

February 2021

Another year recording a rise in the popularity of cashless payments

The data for 2020 show an upward trend in the number of almost all payment and e-money issuing services, with the particular prominence of cashless payments. Relative to 2019, the total number of e- and m-banking users went up by 14.83% and 26.99%, respectively. The rise in the relative importance of m-banking is evident from the 50.77% y-o-y increase in the number of transactions by natural persons, legal persons and entrepreneurs. Despite the adverse impact of the crisis, the y-o-y increase in the number of e-banking transactions by entrepreneurs and legal persons equalled 3.20%. Including transactions by natural persons, the total rise in e-banking transactions came at 4.05%.

The number of concluded distance contracts rose by more than 25,000 from 2019 largely on account of stepped-up efforts of banks to maintain business continuity at the time of containment measures aimed at preventing the spread of COVID-19. In this regard, the observed period saw a rise in the number of banks offering additional options such as video identification of clients.

In 2020, over 54 million card payments more were made at POS terminals than in 2019. The data pertain to cards issued by banks in Serbia. At the same time, the number of transactions with cards issued by payment service providers other than those in Serbia (payments by foreigners at merchants in Serbia) and the value of card and e-money transactions for online purchases in euros decreased to the extent that the economic crisis and the pandemic hindered the international movement of people, goods and services.

In 2020, as in the past couple of years, the number of card and e-money transactions for online purchases of goods and services went up, with the number of transactions in the dinar, euro and US dollar increasing by 64.44%. Looking at dinar transactions alone, the growth is impressive, given that the number of these transactions went up from 2019 by as much as 103.76% and their value by 81.46%.

That no less attention is devoted to card payments is confirmed by the Purchase with Cashback service, a functionality which enables DinaCard holders to withdraw cash in the amount of RSD 5,000 when paying at NIS Petrol and Gazprom gas stations as of 15 October 2020. Also, as of 30 July 2020, a number of points where Chinese tourists, as well as all other users, can use their UnionPay cards has risen, owing to the introduction of more than 500 new ATMs in the acceptance network of this card brand.

In addition to the increased number of ATMs, last year saw a further increase in the number of other components of the acceptance network for payment cards. This is evidenced by the fact that since the entry into force of the Law on Multilateral Interchange Fees (June 2018) the number of virtual points-of-sale (web shops of domestic merchants) grew from 681 to 2,013 at end-2020 or by as much as 195.59%. The same period saw an increase in the number of POS terminals from 79,486 to 97,751, or by 22.98%.

The upward trend in the number of e- and m-banking users was maintained in 2020. Relative to 2019, the total increase in the number of m- and e-banking users (natural persons, legal persons and entrepreneurs) measured 26.99% and 14.83%, respectively.

According to the data submitted by payment service providers, the number of natural persons – users of m- and e-banking services increased in 2020, the former by 27.12% (from 1,665,199 at end-2019 to 2,116,795 at end-2020) and the latter by 15.37% (from 2,484,802 at end-2019 to 2,866,831 at end-2020).

Similar is the increase in the number of new users of m- and e-banking services among legal persons and entrepreneurs. The number of m-banking users grew by 21.29% (from 37,568 legal persons and entrepreneurs at end-2019 to 45,567 at end-2020) and the number of e-banking users by 9.72% (from 263,593 at end-2019 to 289,210 at end-2020).

Chart I.1.1 Number of clients at year-end – natural persons

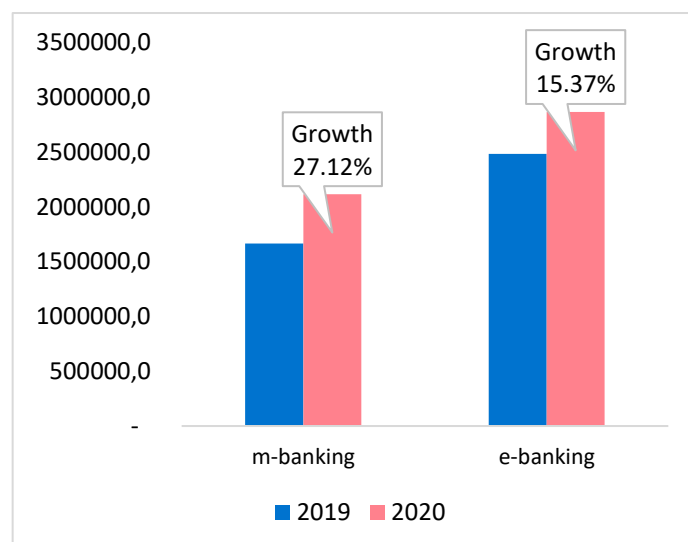
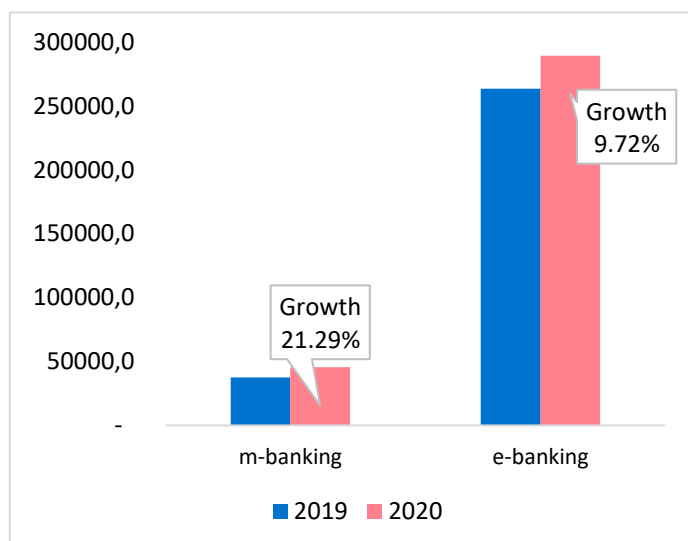


Chart I.1.2 Number of clients at year-end – legal persons and entrepreneurs



The upward trend in the number of e- and m-banking transactions continued in 2020. Relative to 2019 the total increase in the number of e- and m-banking transactions by natural persons, legal persons and entrepreneurs measured 4.05% and 50.77%, respectively.

The number of m-banking transactions performed by natural persons in Q4 2020 was by as much as 108.49% higher than in Q1 2019 (10,255,903 vs. 4,919,226) and the number of e-banking transactions by 13.02% (6,175,443 vs. 5,464,194).

As for the annual volume of payments, the number of m-banking transactions performed by natural persons rose by 50.35% in 2020 from 2019, while the number of e-banking transactions went up by 8.60%.

In the period from Q1 2019 until Q4 2020 the number of m-banking transactions performed by legal persons and entrepreneurs went up by 144.43% (from 571,487 to 1,396,889) and the number of e-banking transactions by 27.71% (from 26,241,459 to 33,513,640).

As for the annual volume of payments, the number of m-banking transactions climbed by 54.12% in 2020 from 2019, while the number of e-banking transactions went up by 3.20%.

Chart I.1.3. Number of transactions by natural persons

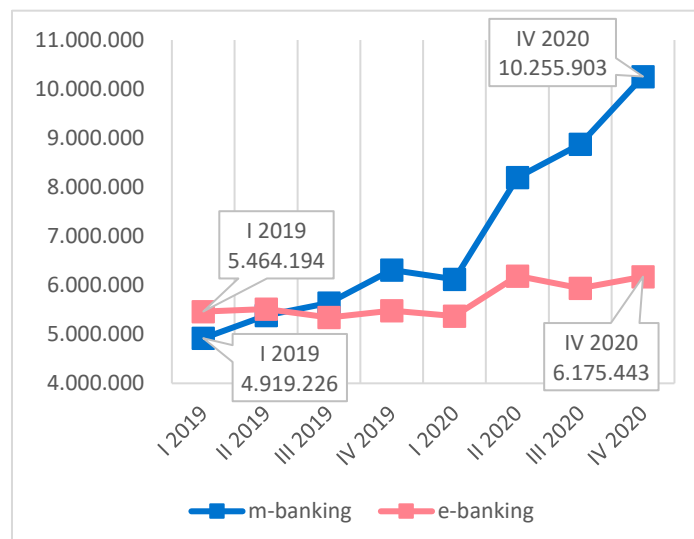
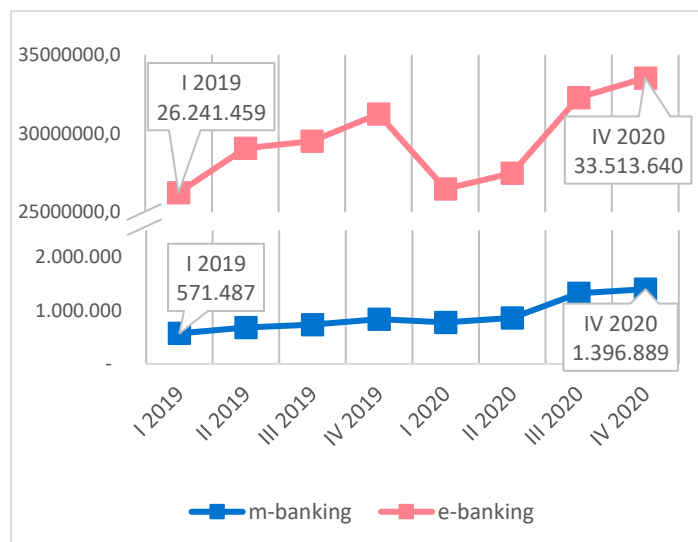


Chart I.1.4. Number of transactions by legal persons and entrepreneurs



The increase in the number of transactions is even more significant when looking at data on payment card and e-money transactions used for online purchases of goods and services. Thus, in 2020, 21,206,889 payment card and e-money transactions for the purchase of goods and services were executed online in all currencies, up by 61.86% relative to 2019. At the same time, the number of dinar payments for online purchases through domestic websites has more than doubled compared to 2019.

Chart I.1.5. Internet purchase of goods and services - card and e-money transactions (number of transactions)

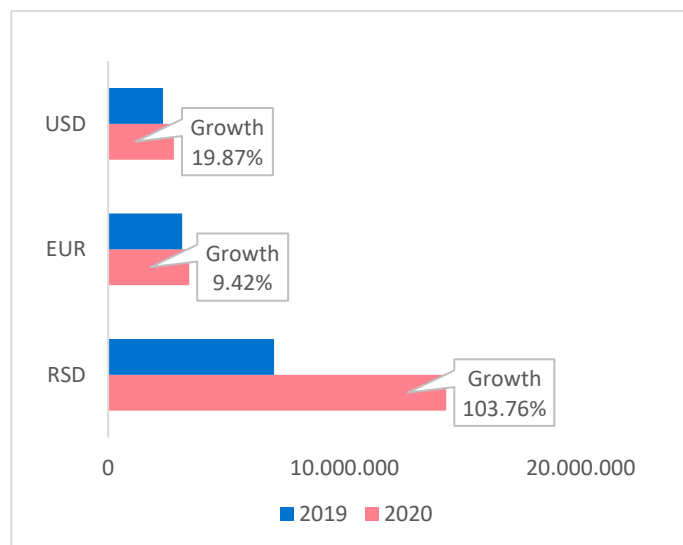


Table I.1.1. Number and value of card and e-money transactions - internet purchase of goods and services

Number and value	2019	2020	Change in %
RSD:			
number	7,026,252	14,316,356	103.76%
value	17,843,744,895	32,379,751,078	81.46%
EUR:			
number	3,137,417	3,433,109	9.42%
value	132,537,809	120,882,725	-8.79%
USD:			
number	2,325,889	2,788,012	19.87%
value	54,602,830	62,830,752	15.07%

In 2020, the acceptance network was also broadened, so that at the end of last year, there were 97,751 POS terminals in our country, over 6,500 terminals more than at end-2019 (a 7.13% increase). The number of ATMs also increased (by 3.01%), as one of the ways to make it easier for citizens to access cash during the pandemic without entering the bank's premises. Positive results are also supported by the projects that the NBS successfully implements in cooperation with banks and other economic entities, especially when it comes to payments at virtual points-of-sale (e.g. online payments with the national DinaCard). It is also noteworthy that the number of virtual points-of-sale increased by 76.73% in the observed period, from 1,139 to 2,013.

In 2020, there were 300,606,419 card transactions carried out in merchant facilities throughout Serbia, up by 22.24% relative to 2019. This data refers to the cards issued by banks operating in the domestic market, while in the same period the number of payments using cards issued by banks that do not operate in the Republic of Serbia decreased by 27.33%.

The number of issued payment cards amounted to 9,533,013 at end-2020, an increase of 10.83% y-o-y.

Regarding the number of distance contracts on financial services concluded electronically, according to the data submitted by payment service providers, a total of 71,519 contracts were concluded in 2020, up by 61.46% y-o-y. Of this number, 6,018 contracts were concluded with the use of video identification of clients. This is the result of timely efforts of the NBS to adequately regulate this issue, which proved very important during the pandemic.

Table I.1.2. **Number of devices and virtual points-of-sale accepting payment instruments**

Card payments		2019	2020	Change %
Acceptance network:	POS terminals	91,245	97,751	7.13%
	virtual points-of-sale	1,139	2,013	76.73%
	ATMs	2,953	3,042	3.01%
Transactions at merchant POS terminals using cards issued by payment service providers from Serbia		245,917,379	300,606,419	22.24%
Transactions at merchant POS terminals using cards other than those issued by payment service providers from Serbia		18,965,782	13,783,289	-27.33%
Issued payment cards		8,601,305	9,533,013	10.83%

Further development of the NBS IPS system, which is entering its third year of successful operation, has greatly contributed to the growing dynamics of cashless payments. The vibrant growth of this innovative method of payment is also evidenced by the record daily number of transactions that was broken eight times during 2020 - the last time on 21 December, when 160,445¹ transactions were carried out. The increasing use of this type of payment is testified by the fact that during 2020 there were 25,062,288 instant transactions carried out, which is 260.15% more than in 2019.

In addition, at the beginning of the year, payment services were provided at merchant's physical and virtual points-of-sale by showing and/or scanning the NBS IPS QR code. Merchants that provide this service at the physical point-of-sale are Mercator S DOO (with over 320 sales facilities – Roda, Idea and Mercator) and NIS Petrol (all gas stations). Those who provide this service at online points-of-sale are Laguna, Tehnomanija, Vulkan bookstore, Farmvilla, Infostud-used cars and Gigatron. The NBS is working intensively to expand the network of merchants who will provide payment services by showing and/or scanning the NBS IPS QR code.

Innovative settlement of liabilities arising from telecommunications, utilities and other services by scanning the QR code displayed on bills/invoices was made possible by almost all banks in cooperation with almost all major issuers (such as Elektroprivreda Srbije, Infostan Tehnologije, Telekom Srbija, Telenor, Vip mobile, etc.). The possibility of using the codes was expanded on 16 November, when the generator/validator service was introduced on the website of the NBS - the IPS QR code page, for all interested citizens and economic agents.

Table I.1.3. Daily record number of payments in NBS IPS system

No	Date	Number of payments
1.	21-Dec-20	160,445
2.	20-Nov-20	151,647
3.	21-Sep-20	142,769
4.	20-Jul-20	136,689
5.	20-May-20	133,328
6.	15-May-20	119,352
7.	21-Apr-20	112,802
8.	15-Apr-20	98,626

Chart I.1.6. Number and value of transactions executed in NBS IPS system

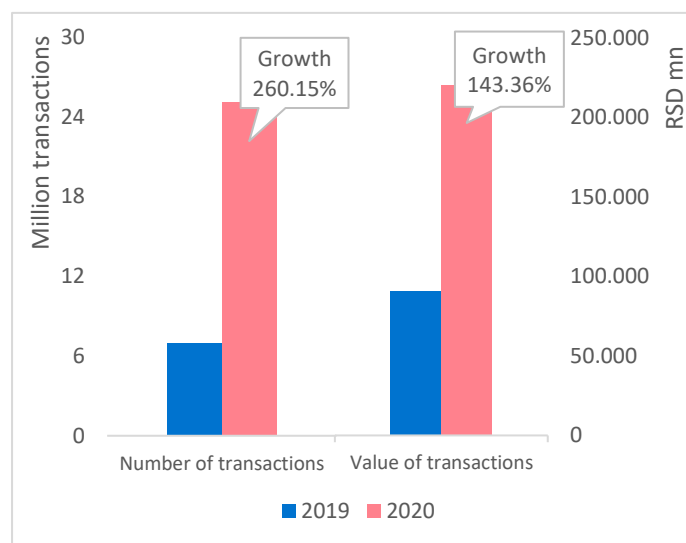


Table I.1.4. NBS IPS system performance indicators

NBS IPS system	2019	2020
Number of transactions	6,958,913	25,062,288
Value of transactions	90,640,906,396.20	220,587,356,648.81
Average transaction value	13,025.15	8,801.56
Average daily number of transactions	19,066	68,476
Average daily value of transactions	248,331,250.40	602,697,695.76

¹ Already on 17 February, record 163,478 transactions were carried out, meaning that the upward trend continues in 2021.