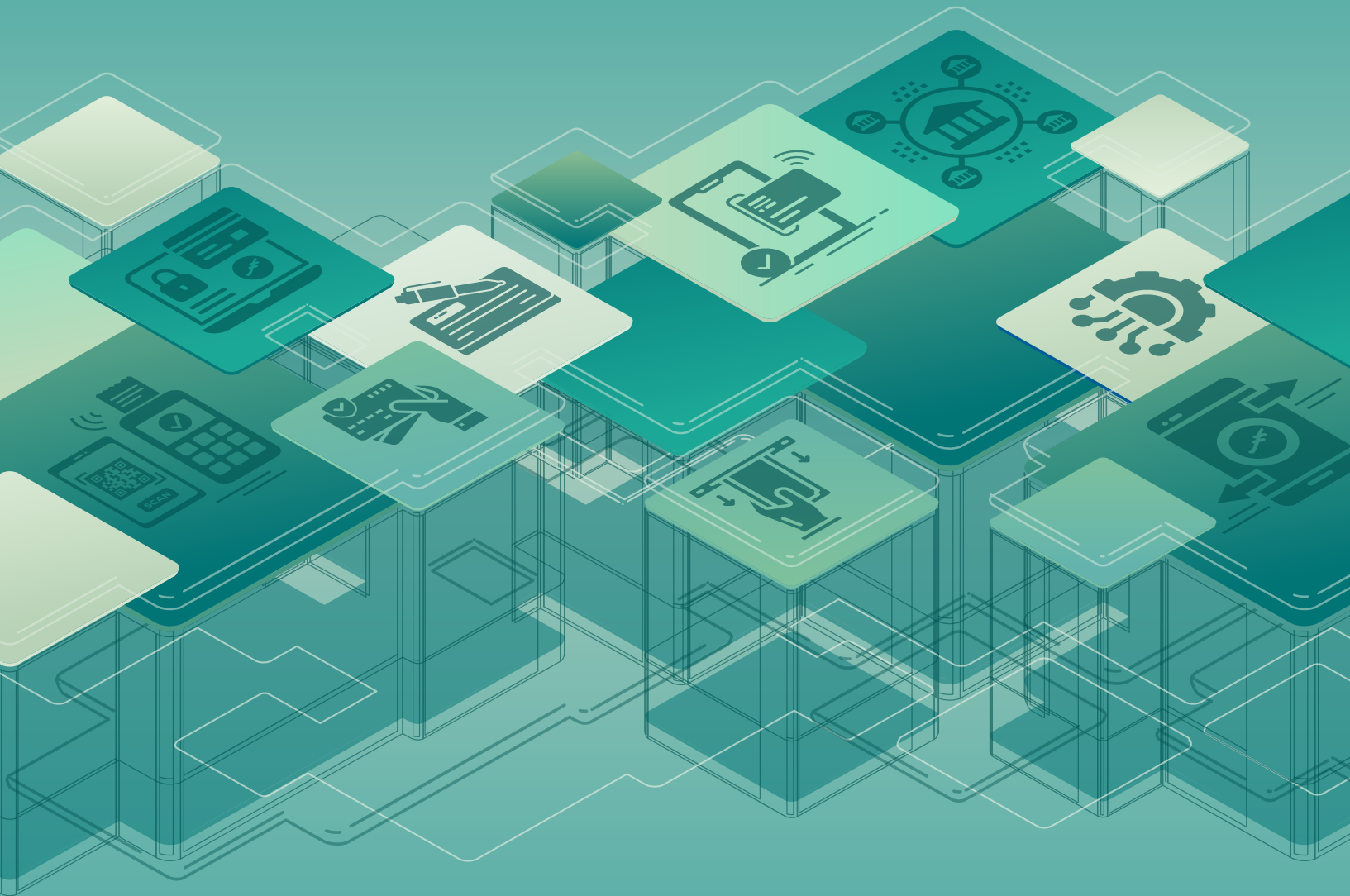
PAYMENTS BULLETIN

2019 - 2022



MALDIVES MONETARY AUTHORITY

This bulletin is compiled by the Payment Systems and Oversight Division (PSOD) of the Maldives Monetary Authority (MMA). It covers the details of the overall payments infrastructure in the country and the trends in usage of various payment instruments available in the market. This bulletin is based on weekly, monthly, and quarterly statistical data collected from relevant departments of the MMA, as well as the Banks and Payment Service Providers operating in the Maldives.

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Abbreviations

ACH	Automated Clearing House
ATM	Automated Teller Machines
CIC	Currency in circulation
MMA	Maldives Monetary Authority
MIPS	Maldives Instant Payment System
MNO	Mobile Network Operator
MRTGS	Maldives Real-Time Gross Settlement
NNSS	National Net Settlement Service
POS	Point-of-Sale
PSP	Payment Service Providers
SOE	State-owned Enterprises

Executive Summary

Safe, competitive and efficient payment systems are an essential component in the day-to-day functioning of any economy. As such, developing the national payment system while ensuring its security and safety is one of the key roles of the MMA as the regulator of the financial sector.

With a focus on innovative and digital payment solutions, the MMA has been keeping up with the evolving technologies and the latest trends in this sector, taking considerable steps towards the future.

Over the years, we have observed a growing affinity of the public towards the use of digital payments in the Maldives, as customers tend to move away from the traditional, paper-based instruments, opting more for electronic and digital payment solutions.

This bulletin provides an extensive overview of the payments landscape of the Maldives, covering the details of market players, payment infrastructure and various payment instruments[1] and trends in their usage. This is the maiden edition of the Payments Bulletin, which will be an annual publication by the MMA henceforth, aiming to provide a holistic, data-based picture of the payments landscape of the Maldives. This issue of the bulletin will cover data from 2019 - 2022.

The statistics in this bulletin will further analyse the trends in usage of different payment instruments – such as the decline in use of cheques, while the use of cards and account transfers had experienced a steep growth. Similarly, the use of other services such as electronic money[2] continues to grow in popularity in an encouraging step towards the efforts being taken to modernize the payment landscape of the Maldives.

While the changing preferences and behaviours of consumers and businesses play a significant role in these developments, it can also be attributed to the impact of several policy measures and strategies implemented by the MMA towards the promotion of digital payment solutions in the market over the past few years.

The data presented in this bulletin highlights a growing and evolving payment landscape in the Maldives and is also expected to provide valuable insights for financial institutions, businesses, and other stakeholders who may seek this information for various purposes.

[1] Payment Instrument means any instrument or procedure used to initiate and/or process Payment Instructions. Payment Instrument includes but are not limited to cheques, funds transfer instruments and payment cards.

[2] Electronic Money means a monetary value which represents a claim on its issuer, and which is - a monetary value stored electronically, including magnetically, in any tangible or intangible device; monetary value was issued on receipt of money of equivalent value; and monetary value issued is accepted as a means of payment by persons other than the issuer.

Governor's Foreword

The evolution of the banking and payments sector in the Maldives has been a noteworthy journey since the initial introduction of banking services in the country in 1974 and the establishment of the first local bank in 1982. Over the years, the Maldivian payment landscape has evolved significantly with the introduction of payment instruments and channels such as cheques, ATMs, payment cards, and internet banking – offering a wide range of products and services that can be availed through a conventional banking system.

In light of the rapid technological advancements embracing our financial markets, it is of paramount importance for the MMA, as well as the banks and the PSPs, to remain open and adaptive to these trends. This would ensure that our customers will always have access to the most convenient, efficient, and cost-effective payment solutions.

As the regulator of the financial sector, our commitment to this endeavour is underscored by our continuous monitoring exercises, during which we collect and analyse statistics from various institutions concerning the usage of diverse payment instruments. This invaluable data serves as the basis upon which evidence-based, well-informed decisions are made, driving the formulation of policies and strategies for the development of the national payment system, thereby promoting the introduction and usage of digital payment solutions in the Maldivian economy. These innovations are also geared towards enhancing the quality of services available across all customer segments.

In presenting this bulletin, it is our objective to furnish this data in a manner that resonates with industry stakeholders, making it adaptable for their specific needs as well.

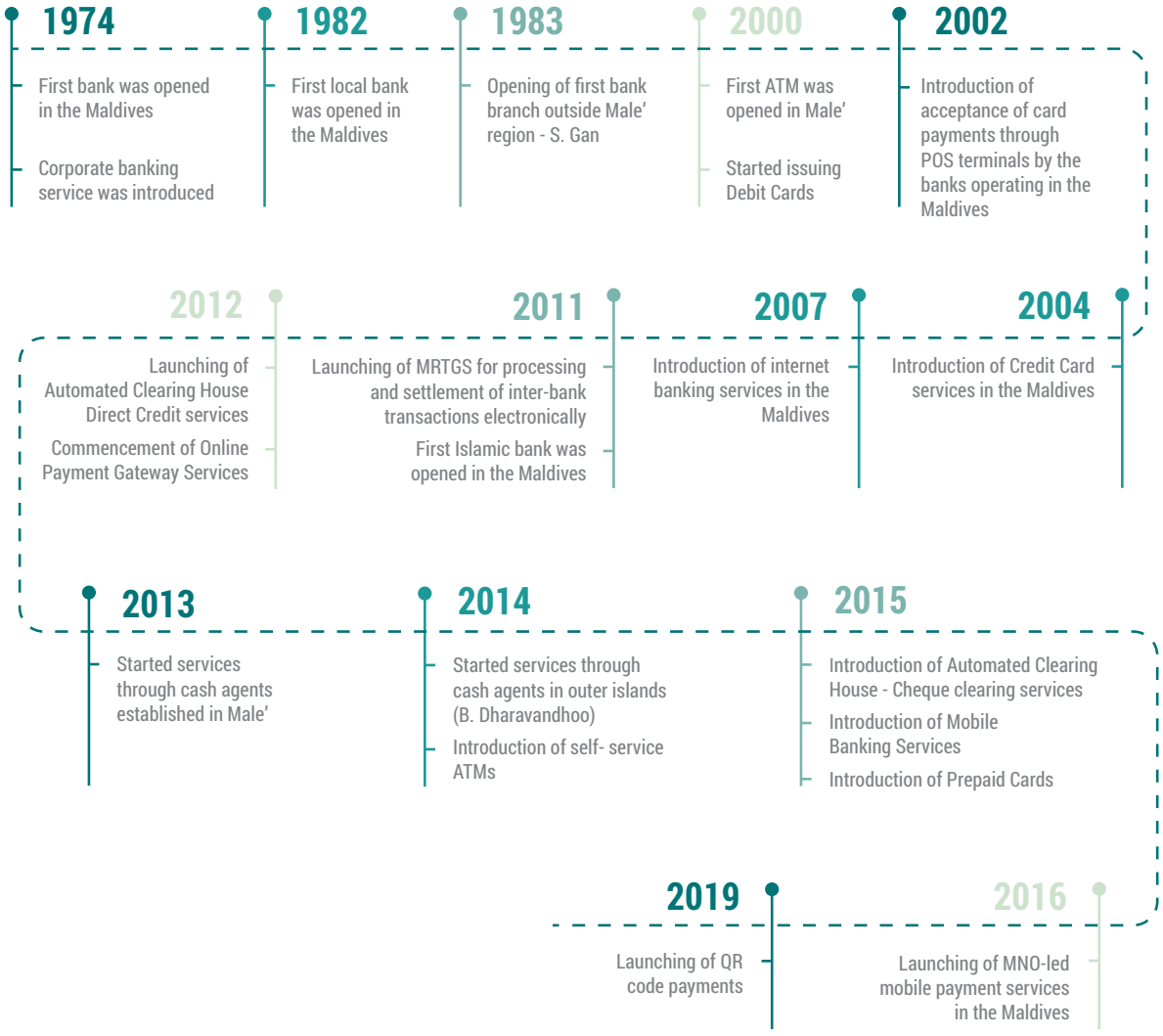
This very first edition of the Payments Bulletin provides an insightful overview of the transformative journey of payment services in the Maldives over the years, with trends in payment-related statistics over the past four years of 2019 to 2022. In hindsight, this falls into a rather intriguing period where the impact of Covid-19 on the usage of payment instruments can be observed. During this period, we noted encouraging signs in terms of the uptake of digital solutions by the general public.

With the recent launch of the Maldives Instant Payment System – **Favara**, we harbour even greater optimism for the positive changes that will potentially shape our payments landscape over the coming years. This will be an exciting theme to look forward to in the upcoming editions of this Bulletin.

With that, I present to you the Payments Bulletin 2019 – 2022.

Ali Hashim
Governor

Evolution of Payment Services



Recent Highlights

Maldives Payment System Development Project

As part of its efforts to modernize the payment landscape and improve the efficiency of payment services provided in the Maldives, the MMA initiated the Maldives Payment System Development project. The implementation of the Maldives Instant Payment System (MIPS) started as one of the key initiatives under this project.

The project initially began in 2018 with concept development. During this phase, several stakeholder engagement sessions were conducted to understand the payment landscape of the Maldives and the best course of actions to address the identified challenges.

A key objective of implementing the MIPS is to ensure that users can make and receive payments instantly irrespective of the island they live on or where they bank. The infrastructure of the system has been designed such that all banks and other PSPs will be linked to the MIPS to facilitate interoperability, along with real-time, 24/7/365 payments.

The MIPS not only enhances financial inclusion in the country but also promotes innovative, convenient, and affordable access to digital financial services. It aims to implement an inclusive, integrated payment system that will cater for the needs of the various sectors of the economy to optimize the ways in which payments are made.

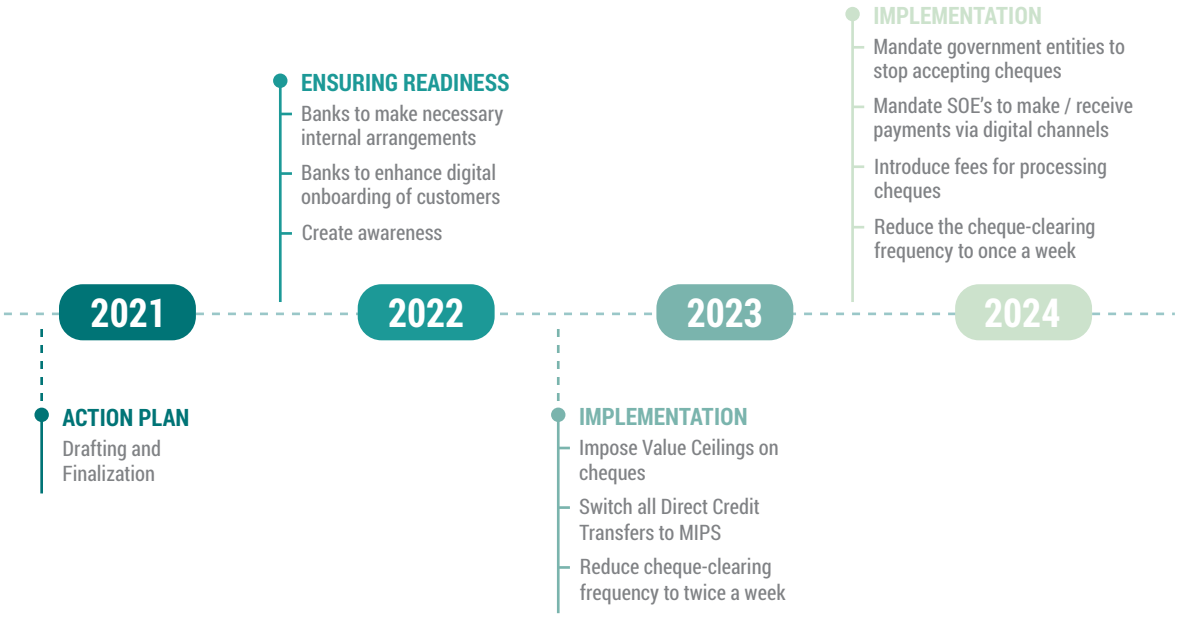
During August 2023, the MIPS was launched under the name of Favara. The name Favara, is derived by combining the local (Dhivehi) words for the 3 key features of the system, **Fa**seyha, **Va**guthun and **Ra**hkaatheri. This directly translates to easy, instant and secure – encompassing the three key features of the system.

In addition to instant credit transfers (**Favara Transfers**) the system also introduced the services of **Favara ID**. This service enables customers to initiate payments using easy-to-remember 'aliases' such as phone numbers, e-mail addresses or the National ID numbers, instead of bank account numbers.

To enhance convenience, the system also introduced the new **Favara Request** service. This service enables customers to send a payment request to another customer via the digital channels. Once the requests are approved, the payments are processed instantly.

While Favara has initially been launched with 3 participating banks, additional banks in the Maldives are expected to be on-boarded to the system by the end of the year 2023. In addition to ensuring interoperability among all service providers in the market, providing fair opportunities for all scales of PSPs to innovate has also been a key objective of the Maldives Payment System Development project. As such, it is envisaged that non-bank PSPs will also become participants of Favara in the near future so that the full benefits and convenience of interoperability can be achieved.

Action Plan on Reducing the Usage of Cheques



Reducing the dependency on cash and cheque as a means of payment, while promoting the use of efficient and affordable digital payment alternatives is a key focus area, as a part of the MMA's strategic objectives of enhancing the payment services in the Maldives. Owing partly to the repercussions of the Covid-19 outbreak in early 2020, and the policy measures taken by the MMA, encouraging signs were observed with a significant reduction in the usage of cheques between 2020 and 2022.

One such measure taken by MMA in line with the objectives of getting the public familiarized with the use of digital payment solutions in the lead up to the implementation of the MIPS, was the initiation of an Action Plan on Reducing the Usage of Cheques during the 3rd Quarter of 2020. This action plan comprised of imposing a value ceiling of MVR 100,000 and USD 5,000 on all cheques collected by government entities and SOEs. In addition to this, cheque usage reduction targets were assigned to the banks on a quarterly basis for an initial one-year period which concluded in the 2nd Quarter of 2021.

During this period, government receipts collected via cheques declined significantly, although the anticipated results were not observed for usage of cheques by SOEs and for the cheque usage reduction targets assigned to the banks. However, throughout the period of implementation and as a result of the changes in business operations due to Covid-19 – a greater affinity towards digital solutions was observed overall.

Building on this momentum, during 2021 MMA initiated a follow-up action plan in coordination with the banks to further minimize the usage of cheques as a means of payment in the Maldives. This action plan was to be implemented for a period of 2 years, effective from June 2022. The main objective of this action plan was to prepare the market for a potential discontinuation of the usage of cheques in the near future and promote the usage of digital payments across the country. It also comprised of measures such as expanding the scope of the value ceiling to cover all cheques issued by individuals and corporates nationwide, introducing fees on cheque transactions as well as migrating all Direct Credit transfers processed via ACH to the MIPS.

However, recognizing a need to provide additional time for all stakeholders to acclimatize themselves to the eventual changes and ensure availability of sufficient alternatives, the implementation of this action plan was indefinitely suspended until further notice. Further stakeholder consultations are now planned to take place during the year 2024, following which a revised action plan will be formulated.

National Net Settlement Service

Since the introduction of cards as a payment method in the Maldives, interbank settlements for these transactions have been conducted in foreign currency. It has long been an objective of the MMA to facilitate the settlement of domestic transactions in the local currency. However, in the absence of a national card payment switch that facilitates interoperability of card payment transactions and the settlement of domestic card transactions as such, this has been a gap that needed to be addressed in the market.

A major step towards achieving this objective was facilitated with the appointment of Bank of Maldives Plc., as a settlement agent in the Maldives for Visa's NNSS in 2021. This arrangement enables settlement of all domestic transactions conducted using locally issued visa cards in local currency. A similar arrangement was facilitated for MasterCard – with the granting of approval to Bank of Maldives Plc. during 2022, to operate as a settlement agent for the NNSS of MasterCard. This arrangement facilitates the settlement of all domestic transactions conducted using a locally issued MasterCard card to be settled in the domestic currency.

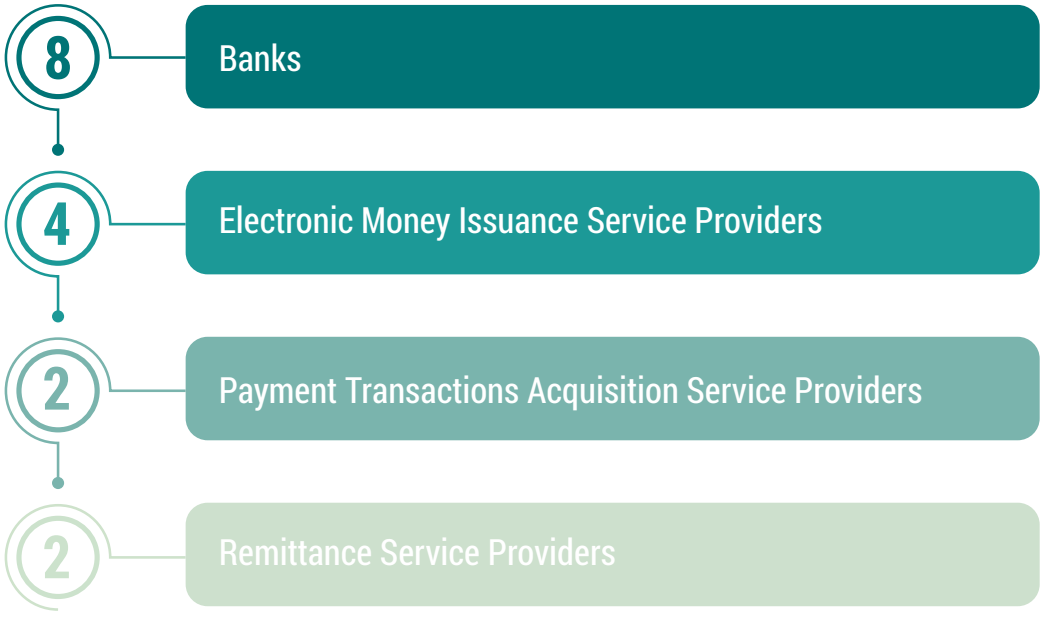
Accordingly, MMA instructed all the banks and PSPs engaged in the card payment acquiring activities to make all necessary arrangements to ensure that all transactions conducted in the Maldives using locally issued cards are acquired and settled in Maldivian rufiyaa. This instruction became effective in April 2022.

Payments Infrastructure

Service Providers (Banks and PSPs)

The banking industry of the Maldives has committed considerable effort in extending banking services to all parts of the country, despite a wide customer base spread across several atolls. Despite this being a challenge in extending the same level of services to all parts of the country, the banking industry has continually maintained a physical presence in all 20 atolls of the Maldives over the past years. The 8 commercial banks currently operating in the Maldives has 55 branches in operations, as at the end of the year 2022, of which 63% are of a single bank.

In addition to the banks, payment services are now provided in the market by non-bank PSPs as well. Since the enactment of the National Payment System Act (2021) and the Regulation on Payment Services (2022) – all non-bank PSPs were licensed under these legislations, with 8 PSPs currently licensed and regulated by the MMA. As at the end of 2022, this includes 4 Electronic Money Issuance Service[3] Providers, 2 Payment Transactions Acquisition Service[4] Providers and 2 Remittance Service[5] Providers.

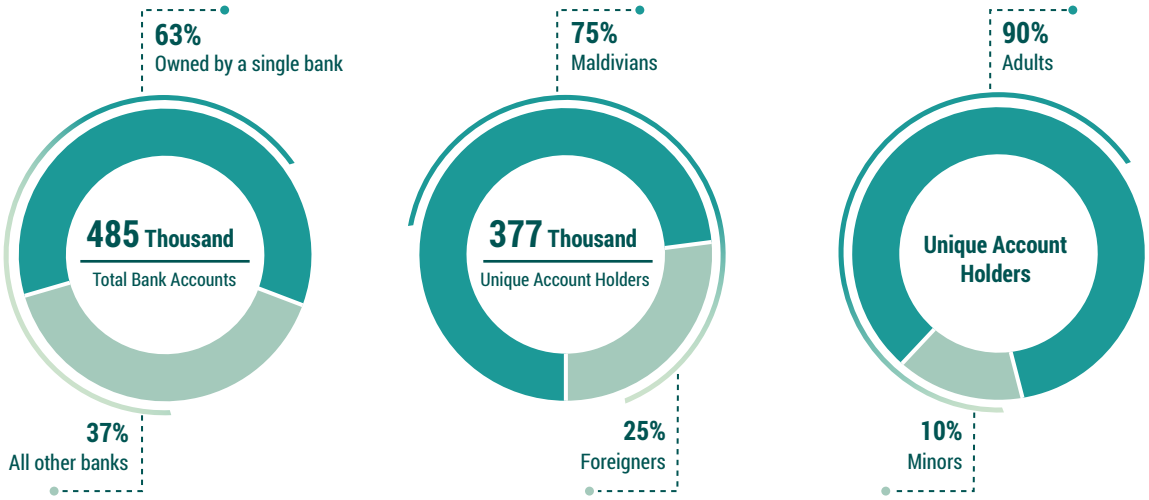


[3] Electronic Money Issuance Service refers to the issuance, distribution and redemption of Electronic Money, including any operational services and closely related ancillary services in respect of issuance and operations of such Electronic Money.

[4] Payment Transactions Acquisition Service means any service of accepting and processing Payment Transactions for a Payee under a contract entered between the Payee and the provider of the service, which results in transfer of money to the Payee, usually including a point of sale terminal or online payment gateway.

[5] Remittance Service means to a transfer of funds that accepts cash or other Payment Instruments in one location and pays a corresponding sum in cash or other form to a beneficiary in another location by means of communication, a message, transfer or through a clearing network to which the fund transfer service belongs.

Bank Accounts



By the end of the year 2022, over 485 thousand bank accounts have been opened at 8 commercial banks operating in the Maldives – inclusive of local adults, minors and foreigners. This is a growth of over 17% since the year 2019. Out of these accounts, over 60% of the accounts are held at a single bank.

The 485 thousand bank accounts opened in the Maldives are owned by more than 377 thousand unique account holders[6] – with 75% being owned by Maldivians and 25% of the accounts belonging to foreigners.

As at the end of 2022, Maldivian unique account holders comprised of 255 thousand adults (aged 18 and above) and 27 thousand minors (below the age of 18). This indicates that 91% of the local adult population (279 thousand[7]) have at least one bank account registered to their name, denoting a significant banked population.

Electronic Money Accounts

Electronic Money Issuance Services are currently provided in the market by 4 PSPs licensed by the MMA. As at the end of the year 2022, more than 89 thousand electronic money (e-money) accounts were registered in the Maldives. With two additional PSPs licensed during the year 2022, the number of e-money accounts increased by 91% from the previous year.

However, just 25 thousand – 29% of all e-money accounts – were 'active'[8] accounts. Despite a relatively lower proportion of active accounts, registrations for the service have continued to

[6] Refers to the count of each individual person holding a bank account, and does not take into account multiple bank accounts held by a single person.

[7] Department of National Registration Data as of 31st December 2022.

[8] Refers to e-money accounts from which any type of transaction has been processed within the preceding 90-day period.

grow over the years, having recorded an increase of over 128% in e-money accounts registrations between 2019 and 2022.

Electronic Money Issuance Service providers offer two types of e-money accounts to their customers – Base 1 e-money accounts with a limit of MVR 5,000, and Base 2 e-money accounts which has a maximum limit of MVR 20,000. Base 1 e-money accounts are more common among the customers compared to Base 2 e-money accounts, which amount to 97% and 3% of all e-money accounts, respectively.

Agents (Banks and PSPs)

In order to connect with the underbanked segments in the market, banks in the Maldives engage in the provision of their services through agents. Through this service, the banks provide limited but essential banking functions to their customers via cash agents. This includes services such as cash withdrawal, cash deposit and repayment for credit cards and loans. At present, only two banks offer their services through agents.

Since the initial introduction of Electronic Money Issuance Service in the Maldives in 2016, the PSPs have also made considerable efforts to grow their services through the expansion of their agents' network. These agents are involved in the distribution of e-money as both wholesale (distribution to retail agents) and retail agents (distribution to end-users).

The banks and PSPs have established an extensive agent network with a total of 1,165 agents, covering all the atolls in the country. Out of this, 26% comprises of those providing agent banking services via the banks, whereas 74% of them are those that provide agent services for PSPs in the market. More than 66% of all agents are based outside of the Greater Male' region.

Provision of financial services through agents by banks and PSPs plays an important role towards ensuring that basic financial and payment services are accessible in even the most remote parts of the country – where bank branches and other significant infrastructure may not be available.

Automated Teller Machines

182

- **42%** Greater Male' region
- **58%** All other islands
- **65** ATMs per 100,000 adults

At present, ATM services are provided in the Maldives only by banks. With a significant improvement from the traditional ATMs that allow withdrawal of cash only, banks now operate ATMs that provide 'self-service banking', facilitating services such as cash and cheque deposits, funds transfer, bill payments, credit card and loan payments, among others.

As at the end of the year 2022, a total of 182 ATMs were in operation, an increase of 22% from 2019. This denotes an improvement in the availability of access to basic banking services with relative ease. Out of these ATMs, 42% are in the Greater Male' region, while the remaining 58% are located across other inhabited islands around the country.

Based on 2022 figures, there are 65 ATMs per 100,000 adults of the population in the Maldives.

POS Terminals

8,768

- **56%** Greater Male' region
- **28%** Other inhabited islands
- **16%** Resorts
- **3,000** **POS terminals per 100,000 adults**

POS terminals are operated in the Maldives by the banks as well as Payment Transactions Acquisition service providers licensed by the MMA. POS terminals serve the function of facilitating the acceptance of payments. In addition to this, cash withdrawals and deposit services are also offered through selected POS terminals operated by the banks. In the Greater Male' region and other inhabited islands, the presence of banks in the provision of POS terminals are far more significant than PSPs, whose operations are more concentrated on the resorts.

As at the end of the year 2022, over 8,700 POS terminals were in operation in the Maldives. More than 90% of these POS terminals were those that were operated by the banks, while the remaining 10% were operated by PSPs. Over 80% of all POS terminals in operations, were owned by a single service provider.

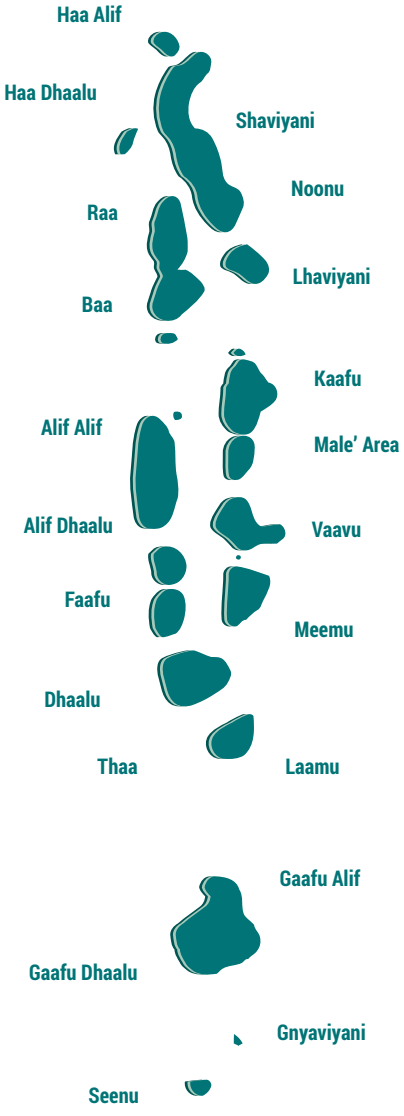
While close to 4,900 POS terminals were in Greater Male' region, more than 2,400 were in other inhabited islands – which represents 56% and 28% respectively, of all POS terminals in operation. The remaining 16% were operational in resorts.

Out of total POS terminals, cash-out services are offered through just over 300 POS terminals, which is just 4%. While the total number of POS terminals in operation grew marginally by 0.2% since 2019, those with cash-out services declined by 34% during the same period.

Based on 2022 figures, there are 3 thousand POS terminals per 100,000 adults of the local population in the Maldives.

Snapshot of Payments Infrastructure
(as at the end of 2022)

Haa Alif	—	3	8	73	47	14
Haa Dhaalu	—	2	7	155	67	23
Shaviyani	—	1	5	70	34	21
Noonu	—	3	5	181	36	18
Raa	—	2	6	208	50	19
Baa	—	1	5	269	42	18
Lhaviyani	—	1	4	125	17	2
Kaafu	—	2	8	1104	44	7
Male' Area	—	18	76	4888	889	55
Alif Alif	—	1	3	233	21	5
Alif Dhaalu	—	2	6	254	35	9
Vaavu	—	1	1	59	10	4
Meemu	—	1	2	38	15	15
Faafu	—	1	2	39	16	8
Dhaalu	—	1	1	186	20	11
Thaa	—	2	5	57	22	20
Laamu	—	2	5	83	28	13
Gaafu Alif	—	1	9	96	24	8
Gaafu Dhaalu	—	3	7	152	24	18
Gnyaviyani	—	2	4	146	50	9
Seenu	—	5	13	352	60	5



Bank Branch | ATM | POS terminal | E Money Agent/Merchant | Cash Agent

Payment Systems

National Payments Infrastructure

Development of a secure and efficient National Payment System is one of the primary objectives of the MMA. Such systems are a fundamental and essential component in supporting the day-to-day functioning of the Maldivian economy, as failure of these systems have the potential to trigger largescale disruption in the financial system which may have far-reaching implications on the economy.

Maldives Real-time Gross Settlement System

The MRTGS operated by the MMA and implemented in 2011 processes and settles large value interbank transactions above the values of MVR 100,000 and USD 5,000 in real-time on gross basis. This allows the banks to manage their liquidity effectively, essentially reducing the risks involved.

Automated Clearing House

The ACH is also operated by MMA and is used primarily for clearing of low value transactions in batches and is settled in the MRTGS. The system processes Direct Credits and Cheque Imaging and Truncation.

The Direct Credit services of the ACH commenced in 2012 and facilitates payments below the values of MVR 100,000 and USD 5,000.

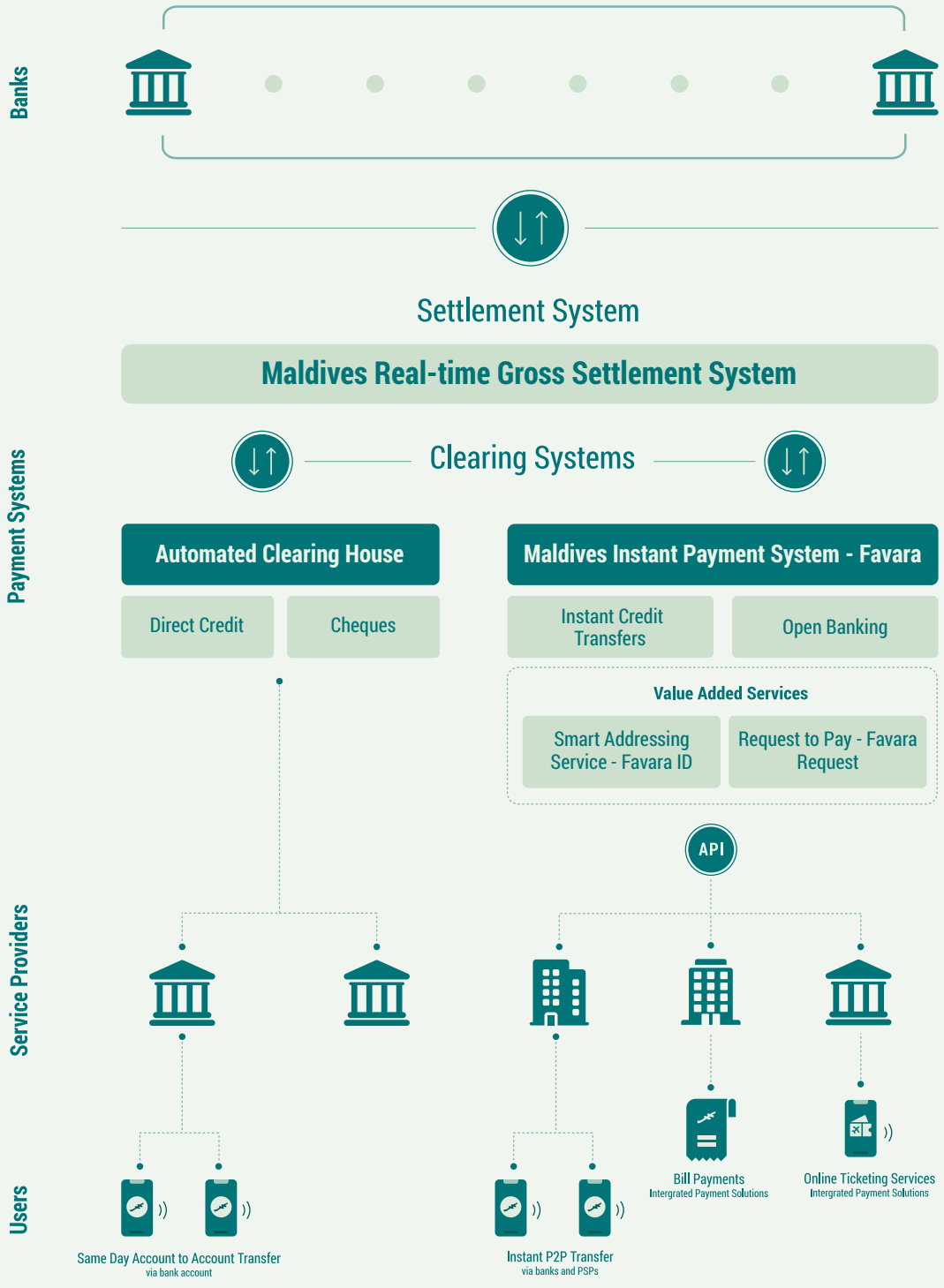
Maldives Instant Payment System - Favara

The MIPS facilitates account-based domestic instant credit transfers (Favara Transfer), with 24/7/365 operations. The MIPS is an interoperable infrastructure whereby all banks and PSPs in the Maldives will be integrated to facilitate real-time, convenient, and affordable payment services regardless of where the customers live, or where they hold their payment accounts.

In addition to allowing customers to initiate payments using their Favara ID, the system also enables the all-new service of Favara Request. With this service, a customer can send a payment request to another for a specific amount. Upon the approval of such requests, payments will be processed in real-time.

A transaction limit of MVR 50,000 and MVR 5,000 has been applied for Favara Transfers and Favara Requests, respectively.

Overview of National Payments Infrastructure



Maldives Real-time Gross Settlement System

During the year 2022, more than 400 thousand transactions, with a value of MVR 3.3 trillion were processed via the MRTGS. This is a growth of over 44% from the previous year.

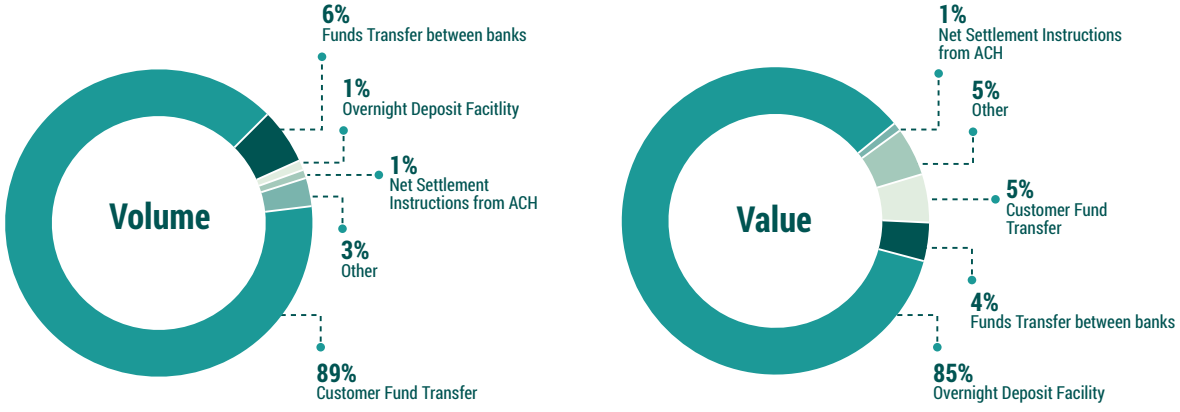
On top of this, an increasing trend was observed for value of transactions processed via the MRTGS year-on-year, with an overall growth of 129% from 2019 to 2022. Similar trend was observed for the total volume of transactions during the same period, recording an increase of 164%.

The MRTGS facilitates processing of different types of transactions which includes customer funds transfer, inter-bank funds transfers, transactions relating to overnight deposit facilities, net settlement instructions of ACH as well as local settlement of cards transactions under the NNSS.

Volume and Value of Transactions Processed through MRTGS

	2019	2020	2021	2022
Volume	156 thousand	193 thousand	339 thousand	411 thousand
Value	MVR 1.44 trillion	MVR 1.54 trillion	MVR 2.28 trillion	MVR 3.29 trillion

MRTGS Transactions by type
Average percentage from 2019 - 2022



In terms of the total volume of transactions conducted over the past 4 years, on average transactions relating to customer fund transfers is the highest with 89% of the total volume of transactions. This comprises of high value customer fund transfers and payments made towards Maldives Inland Revenue Authority and Maldives Customs Services. The second highest type of transactions processed through MRTGS includes funds transfer between banks, with 6% of the total transactions.

However, based on the total value of transactions processed through MRTGS during the same period, with an average of 85% of the total value, transactions relating to Overnight Deposit Facility accounted for the highest, followed by customer fund transfers with 5% of the total value.

Automated Clearing House

Volume of Transactions Processed through ACH (in thousands)

	2019	2020	2021	2022
Total	1,094	927	1,262	1,607
Direct Credits	405	609	976	1,338
Cheques	689	318	286	269

Value of Transactions Processed through ACH (in billions)

	2019	2020	2021	2022
Total	MVR 76.33	MVR 36.21	MVR 41.11	MVR 47.63
Direct Credits	MVR 5.38	MVR 6.04	MVR 10.01	MVR 13.34
Cheques	MVR 70.95	MVR 30.17	MVR 31.10	MVR 34.29

During 2022, more than 1.6 million transactions, valuing over MVR 47.6 billion were processed via the ACH. Out of these, 83% of the volume of transactions were Direct Credits, while the remaining 17% were cheques. However, the value of cheques was significantly high representing 72% of the total value while total value of Direct Credits processed through the system was at 28%. Over the four years between 2019 and 2022, total volume of transactions processed via the ACH increased by 47%, while the value of transactions declined by 38%.

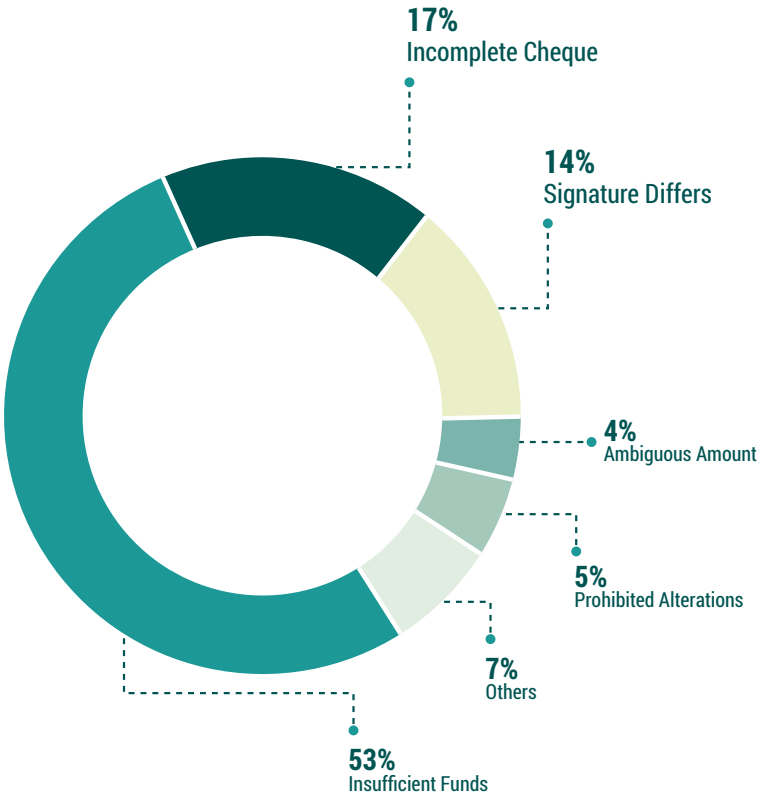
The total volume of Direct Credits processed via the ACH during the year 2022 was 1.3 million transactions, amounting to MVR 13.3 billion. Compared to 2019 the volume and value of the Direct Credits processed through ACH in 2022 has significantly increased by 230% and 148% respectively.

During the year 2022, the total volume of cheques processed via ACH was 269 thousand – which had a value of over MVR 34.3 billion. Over the four-year period between 2019 and 2022, this was a reduction of 61% and 52% in terms of volume and value, respectively.

Of all the cheques processed via the system in 2022, just below 5 thousand cheques were returned without being honored, representing 1.8% of total cheques processed. This figure has remained well under 2% for all years between 2019 and 2022, except for 2020 where 2.4% of the cheques were returned.

Insufficient funds remained as the leading reason for return of cheques over the four-year period from 2019 to 2022, resulting in approximately 53% of cheques being returned on average each year. Incomplete cheques either due to missing signature, date or legal amount, i.e., the amount in words with 17% and drawer's signature being different from the specimen with 14% were the second and third-most common reasons for return of cheques on average over the period. This was followed by prohibited alterations to the cheques, and ambiguous amount in cheque, with 5% and 4%, respectively, accounting for the return of cheques.

Reasons for return of cheques processed through ACH



Payments by Instruments

Summary of Transactions conducted from 2019-2022

Volume of transactions (in millions)								
Payment Instrument	**2019**	**%**	**2020**	**%**	**2021**	**%**	**2022**	**%**
Cash Withdrawals	10.66	**17.02**	8.55	**11.14**	8.76	**7.58**	9.16	**6.22**
Cheques	1.77	**2.82**	0.85	**1.11**	0.73	**0.63**	0.58	**0.39**
Account Transfers	22.22	**35.47**	37.05	**48.26**	66.23	**57.33**	88.86	**60.40**
Standing Orders	0.01	**0.02**	0.02	**0.02**	0.01	**0.01**	0.01	**0.01**
Direct Debits	0.04	**0.06**	0.05	**0.07**	0.05	**0.04**	0.05	**0.03**
Payment Cards	27.53	**43.95**	29.69	**38.67**	39.19	**33.93**	45.71	**31.07**
E-Money Transactions	0.30	**0.48**	0.47	**0.61**	0.48	**0.42**	2.69	**1.83**
Remittance	0.11	**0.18**	0.09	**0.12**	0.07	**0.06**	0.07	**0.05**
Total	**62.64**		**76.77**		**115.52**		**147.13**	

Value of transactions (in MVR millions)								
Payment Instrument	**2019**	**%**	**2020**	**%**	**2021**	**%**	**2022**	**%**
Cash Withdrawals	30,019.67	**6.59**	20,204.28	**5.64**	21,526.92	**4.45**	32,038.63	**4.68**
Cheques	187,171.60	**41.11**	88,291.78	**24.66**	73,663.09	**15.23**	69,267.30	**10.12**
Account Transfers	225,382.88	**49.51**	235,677.49	**65.83**	371,142.06	**76.74**	563,199.73	**82.33**
Standing Orders	168.37	**0.04**	107.49	**0.03**	96.82	**0.02**	99.82	**0.01**
Direct Debits	43.03	**0.01**	46.98	**0.01**	73.57	**0.02**	116.99	**0.02**
Payment Cards	11,090.33	**2.44**	11,978.08	**3.35**	15,999.04	**3.31**	17,915.34	**2.62**
E-Money Transactions	152.16	**0.03**	256.71	**0.07**	254.90	**0.05**	668.36	**0.10**
Remittance	1,233.62	**0.27**	1,474.21	**0.41**	860.21	**0.18**	802.51	**0.12**
Total	**455,261.66**		**358,037.02**		**483,616.61**		**684,108.68**	

Cash

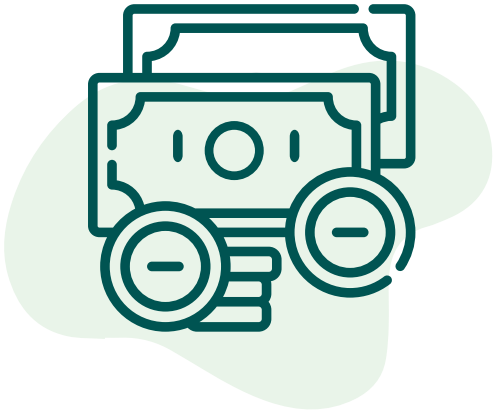
Currency in Circulation

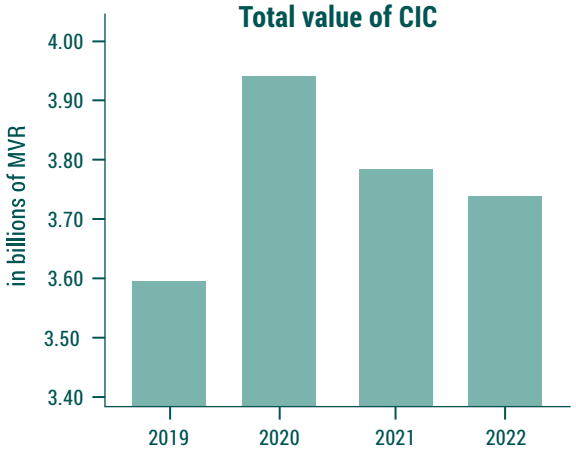
Over the past 4 years, Currency in Circulation (CIC) exhibited a fluctuating pattern – recording an overall increase of 4%, from MVR 3.6 billion in 2019 to MVR 3.7 billion in 2022.

Between 2019 and 2020 a notable increase of 9.5% in the total value of CIC was recorded – which can be attributed primarily to the repercussions of the Covid-19 pandemic – as banks withdrew high values in cash to maintain the reserves and ensure smooth distribution of cash throughout. However, usage of physical currency declined over the period, observed more with the fall in demand for lower denomination banknotes.

While banknotes had a fluctuating pattern, a relatively consistent rise of coins in circulation was recorded – rising from a total value of MVR 75.9 million to MVR 79.8 million. This was an increase of 5% between 2019 – 2022.

The decline of 2% observed between 2021 and 2022 for overall CIC can be attributed to the growing popularity of electronic payment methods. Retailers, particularly during the pandemic, encouraged non-cash payment methods and direct account transfers to minimize physical cash handling. In addition to that, a grown affinity towards electronic payment alternatives persisted post-pandemic, further contributing to the decrease in CIC and the usage of physical cash.





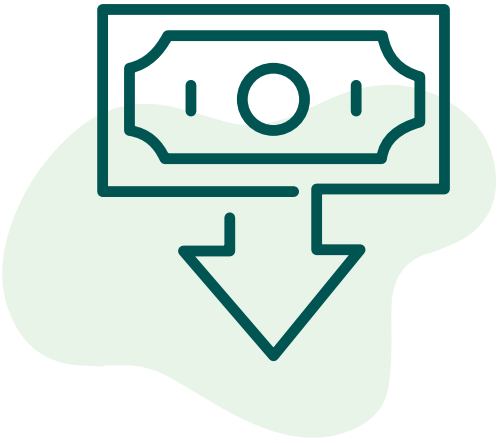
Cash Withdrawals

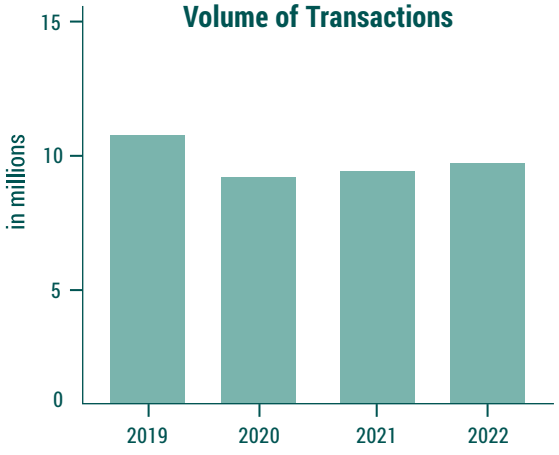
Cash withdrawals are made possible mainly in 3 ways – ATMs and POS terminals using cards, and through over-the-counter transactions at the respective branches of the banks.

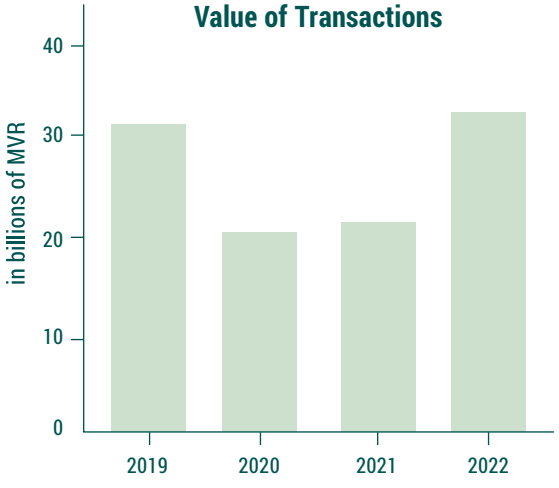
Over 9 million cash withdrawal transactions were conducted in 2022, valuing over MVR 32 billion. More than 95% of these withdrawals were via ATMs, while the remaining accounted for other means – which includes cash withdrawals through POS terminals and over the counter at the bank branches.

From 2019 to 2022, the total volume of cash withdrawals decreased by 14% from 10.7 million transactions, whereas the total value of cash withdrawals increased by 7% from MVR 30 billion. This aligns with the overall increase in CIC of 4% and can be attributed to those customers who are not as accustomed to digital channels resorting to less frequent but larger withdrawals to meet their business and other requirements.

This is the expected pattern, with a wide ATM network scattered across the country, and no additional charges levied on the customer. On the other hand, over-the-counter transactions have a fixed fee imposed, in addition to the inconvenience of queuing up at physical bank branches during their operational hours.







Cheques

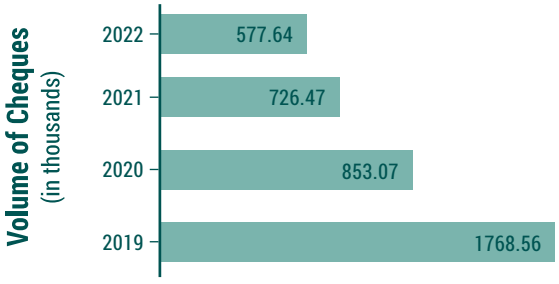
Cheques are a prominent payment instrument in the country – popular in usage among individuals and used widely by corporate customers.

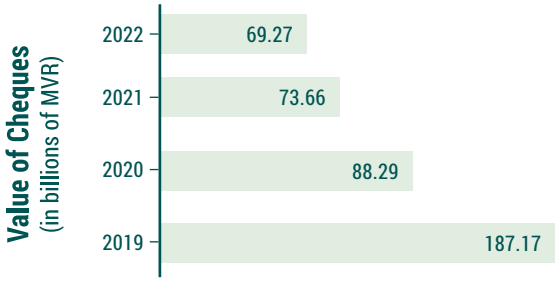
In 2019, more than 1.7 million cheques were processed which had reduced by 67%, to just over 577 thousand cheques by 2022. In terms of value this was a reduction of more than 63%, from MVR 187.2 billion to MVR 69.3 billion.

While a total of 577 thousand cheques were processed during 2022, 308 thousand were intra-bank cheques whereas inter-bank cheques were at 269 thousand. The total value of intra-bank and inter-bank cheques processed was MVR 34.9 billion and MVR 34.3 billion respectively.

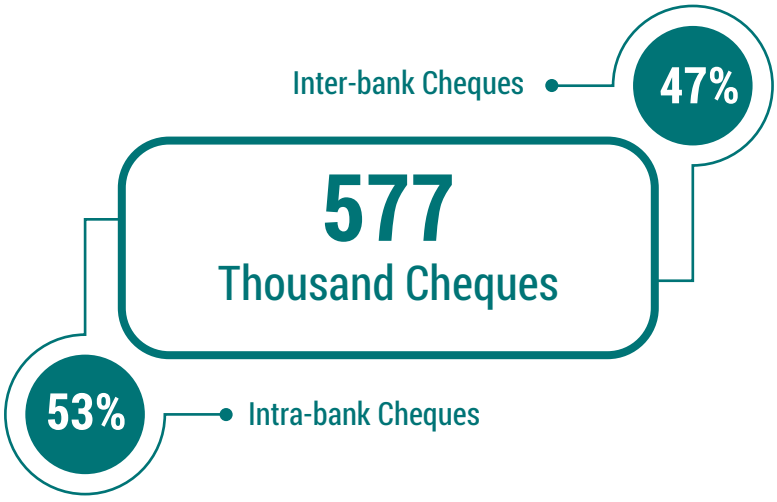
Lack of convenient digital solutions that cater the needs of the market and a perceived high cost associated with electronic and digital solutions in comparison to usage of cheques, have been a reason for the high usage of cheques in the Maldives. As evident from the above figures, the use of cheques has been especially for intra-bank transactions, i.e., to make payments between customers that hold accounts at the same bank.

However, there has been a clear shift in customer preferences to alternative means of payments, as the usage of cheques has continued to decline over the years. This can be attributed in part to the changes in the operations of banks and businesses as a result of Covid-19.



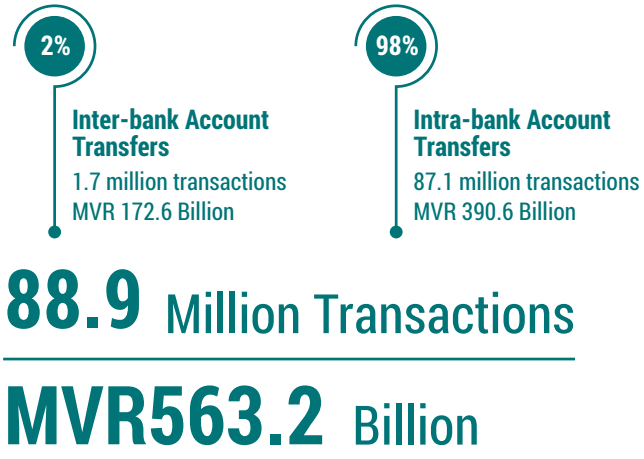


In addition to that, a major contributing factor to the changes in the pattern for usage of cheques can be the impact of the policy measures implemented by the MMA under the Action Plan on Reducing the Usage of Cheques during 2020 and 2021. Nevertheless, cheques continue to be a prominent payment instrument, especially among corporate customers who accept and issue post-dated cheques as a guarantee of payment. This has continued to be a common practice among businesses who offer products and services on an instalment basis as well.



Account Transfers

Account transfers are the most popular means of payment in the Maldives. While intra-bank transfers are domestic transfers conducted between accounts held at the same bank, inter-bank transfers are transactions processed through the MRTGS and ACH operated by the MMA to make payments or transfer funds between accounts held at different banks.



During 2022, the total volume of account transfers was 88.9 million – 98% of which were for intra-bank transactions, while the remaining accounted for inter-bank transactions. The total value of account transfer was MVR 563.2 billion – where 69% represents intra-bank transactions. The total volume and value of account transfers between 2019 and 2022 denotes a significant growth of 300% and 150%, respectively.

For intra-bank transactions, a growth of 302% was observed for total volume of transactions between 2019 and 2022. During 2022, a total of 87.1 million transactions were conducted which amounts to MVR 390.6 billion – where 95% of the transactions were initiated via the internet banking and mobile applications of the banks. This is reflective of a growing affinity from the public towards the usage of digital payment channels, as only 5% of the transactions were initiated via ATMs or other means.

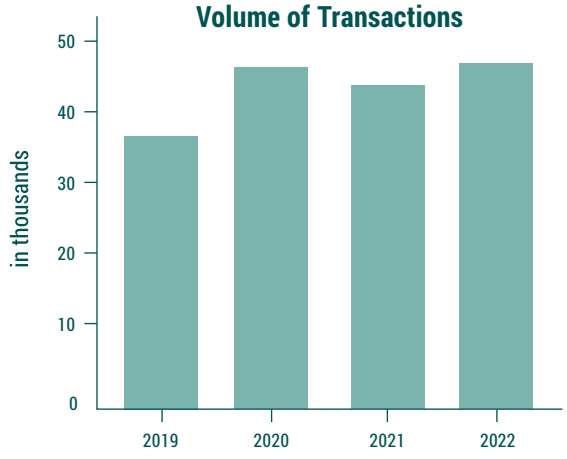
Direct Debits and Standing Orders

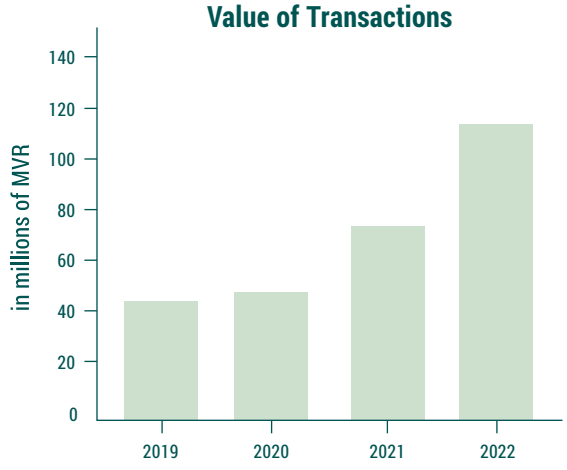
A Direct Debit is a pre-authorized debit on the payer's bank account initiated by the payee. Standing Orders are offered by banks to make regular, fixed payments to a specified recipient. These services are currently provided by a limited number of banks in the Maldives. Standing Orders is less common in the Maldives in comparison to Direct Debits.

Across the four-year period between 2019 and 2022, the volume of Direct Debits increased from 37 thousand to 47 thousand transactions – representing a growth of 27%. Similarly, the total value of the transactions significantly increased from MVR 43 million to MVR 116.9 million.

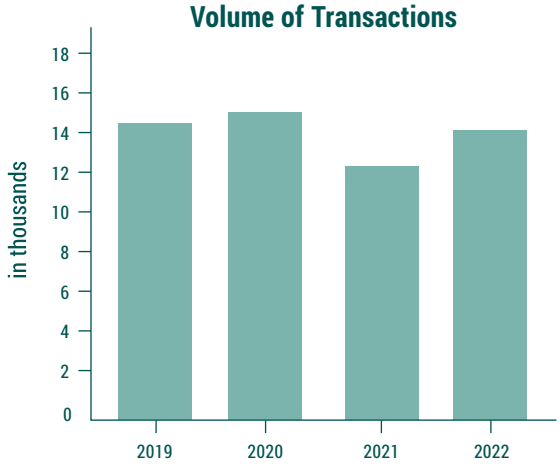
As for Standing Orders, the number of transactions marginally decreased from 14.8 thousand transactions in 2019 to 14.5 thousand in 2022 - by just 2% over the 4 years. This is reflective of a relatively constant volume of total transactions conducted over each year. Although, in terms of value, this represents a more significant reduction of 41% - from MVR 168.4 million in 2019 to MVR 99.8 million in 2022.

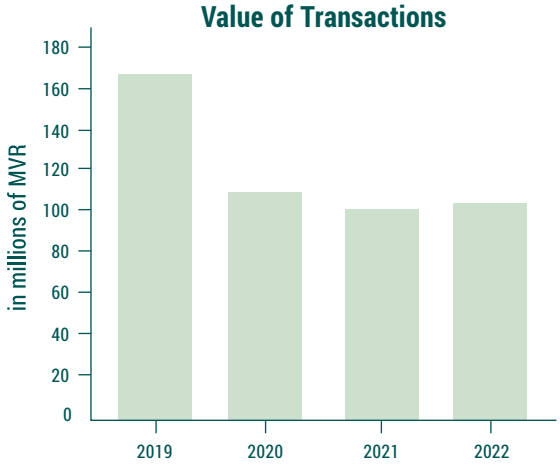
Direct Debits





Standing Orders



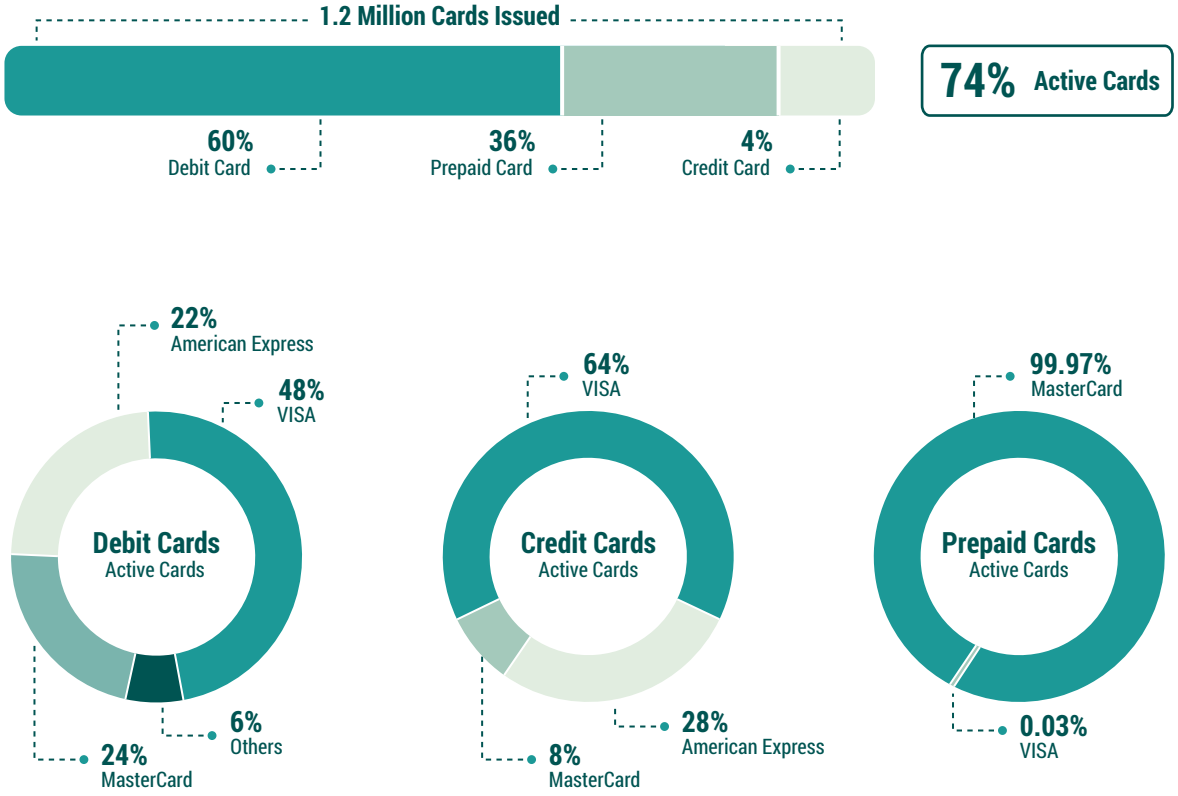


Payment Cards

Issued and Active Cards

Debit Cards, Credit Cards and Prepaid Cards of popular payment card schemes such as Visa, American Express and MasterCard, are currently issued by the banks in the Maldives.

As at the end of the year 2022, over 1.2 million payment cards have been issued in the Maldives, where 60% were Debit Cards, 4% were Credit Cards and the remaining 36% were Prepaid Cards. With 45% of total number of cards issued in the Maldives, Visa is the most popular card scheme when it comes to Debit and Credit Cards, while American Express (23%) and MasterCard (20%) makes up the top 3 card schemes in the Maldives. As for Prepaid Cards, MasterCard is the most popular card scheme with 99% of total number of cards issued.



Payments through cards issued by banks in the Maldives

Cards are one of the most prominent payment instruments used in the Maldives. During 2022, a total of 45.7 million transactions with a total value of MVR 17.9 billion were conducted in the Maldives using payment cards. This is a rise of 66% in volume, and 62% in the value of all card transactions, from 2019.

In terms of total volume of card payments, around 86% of these transactions were conducted via POS terminals, while the remaining 14% were for transactions initiated via online means. As for value, 53% of the transactions represent those initiated via online means while the remaining were via POS terminals.

The following sections will further breakdown the details of card payments – based on the types of cards issued in the Maldives.

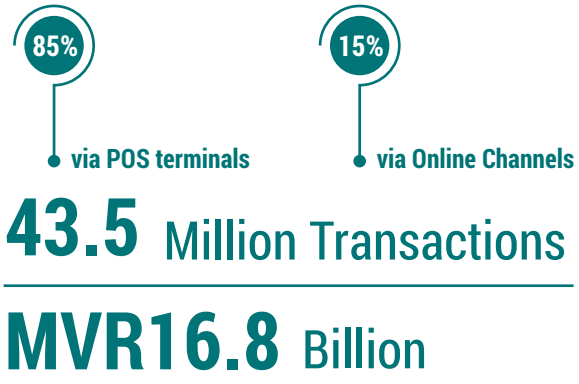
Volume and Value of Payments Made Using Cards

	2019	2020	2021	2022
Volume	27.53 million	29.69 million	39.19 million	45.71 million
Value	MVR 11.09 billion	MVR 11.98 billion	MVR 16.00 billion	MVR 17.92 billion

Payments using Debit Cards

Debit Cards has a stronghold as one of the most utilized payment instruments in the Maldives. As at the end of 2022, over 750 thousand Debit Cards have been issued in the Maldives – of which 63% were active[9] during the year.

During 2022, the total volume and value of payments made through Debit Cards were 43.5 million and MVR 16.8 billion respectively. Out of the total volume of payments made using Debit Cards, 85% of the transactions accounted for those conducted via POS terminals, valuing over MVR 7.6 billion, while the remaining 15% transactions – with a total value of more than MVR 9.1 billion, were initiated via online means.



[9] Refers to cards which are enabled for transactions and not expired.

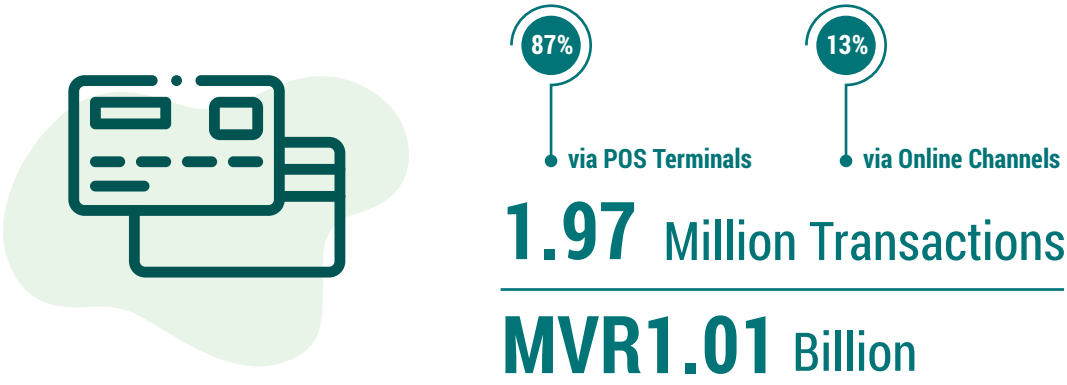
From 2019 to 2022, the volume and value of Debit Card transactions recorded a growth of 70% and 90% respectively. In terms of volume, this was a steep rise from 25.6 million to 43.5 million transactions, while the value of transactions doubled from MVR 8.8 billion to MVR 16.8 billion over the 4 years.

Payments using Credit Cards

As at the end of 2022, a total of 48.7 thousand Credit Cards were issued in the Maldives, where 72% of these were active during the year.

In terms of usage, Credit Cards were the second-most popular card type – with over 1.9 million transactions conducted during the year 2022. This was a growth of 13% in comparison to 2019. However, the total value of Credit Card payments experienced a decline of 53% from 2019 to 2022 – reducing from MVR 2.2 billion to just over MVR 1 billion.

Out of the total volume of payments made using Credit Cards during the year 2022, 87% of the transactions were conducted via POS terminals which represents transactions with a value of MVR 607 million. The remaining 13% of the transactions - with a value of MVR 407.1 million, were conducted via online channels.

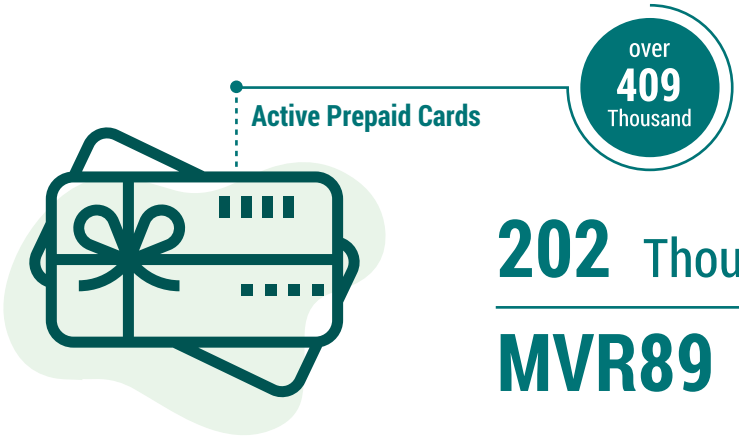


Payments using Prepaid Cards

As for Prepaid Cards, more than 92% of the 446 thousand cards issued remained active during the year 2022.

Despite this only 201 thousand Prepaid Card transactions were conducted during the year 2022 – which reflects a growth of 36% from 2019. The total value of transactions conducted through these cards represents an increase of 22% over the 4-year period – from MVR 72.9 million to MVR 89 million.

While 94% of the total volume of transactions conducted during 2022 using Prepaid Cards were via POS terminals – representing a value of MVR 56.5 million, only 6% of the transactions with a total value of MVR 32.5 million were conducted via online channels.



202 Thousand Transactions

MVR89 Million

Card Payments processed through Payment Transactions Acquisition Service Providers

MMA issued PSP license license to two parties[10], for the provision of Payment Transactions Acquisition Service in the Maldives. Majority of their operations are based in the resorts, with very limited operations conducted in the Greater Male' region and other inhabited islands.

During 2022, 990 thousand transactions were acquired through these PSPs, which represents a total value of MVR 8.4 billion. Over the past 4 years, both the total volume and value of transactions conducted through these PSP have declined by 8% and 15% respectively.

Although 63% of the transactions were conducted through merchants in Greater Male' region and other inhabited islands, in terms of total value of transactions it represents MVR 731.4 million, which is only 9% of the total value of transactions acquired through these PSPs.

However, 37% of the transactions conducted in resorts aggregate to more than MVR 7.7 billion

990 Thousand Transactions

MVR8.44 Billion

[10] Global Payments Asia-Pacific Maldives Pvt. Ltd. and V.T.T Finance Pvt. Ltd.

– which represents 91% of the total value of transactions acquired through these PSPs. This shows that the operations of these PSPs are concentrated in the tourist locations.

The data on transactions conducted through these PSPs includes payment made using cards issued by a local bank, which is also reflected in the section 7.7 on card payments made through the banks in the Maldives.

Payments made through Electronic Money Accounts

Electronic Money Issuance Service first commenced in the Maldives in 2016. Although the uptake of the service was slow for the initial years, a significant increase was recorded in 2022. This was in part, due to PSP license being issued to two new parties during 2022, taking the total number of Electronic Money Issuance Service providers in the market to 4 PSPs[11].

Broadly, the services provided by these PSPs comprises of cash-in and cash-out services, airtime top-up, person-to-person (P2P) transfers, bill payments, as well as payments to merchants. Cash-in transactions refers to transactions where customers top-up their e-money accounts held at the PSPs while cash-out services include withdrawal of e-money from the e-money accounts. Both cash-in and cash-out could be in the form of physical cash presented to the agents of the PSPs, or via transfer of funds between bank accounts and e-money accounts.

In 2022, just over 1 million transactions were conducted as cash-in and cash-out transactions – where 99% represents cash-in (e-money account top-up), and cash-out (e-money redemption) were only 1% of the total volume of transactions.

The PSPs facilitate customers to make various types of transactions from their e-money accounts. During 2022, the total volume of these transactions (excluding cash-in and cash-out) conducted by the customers amounted to 1.7 million, with a value of MVR 399.1 million. This represents an average year-on-year growth of 124% from 2019 to 2022, in terms of the total volume of transactions.

Looking into the types of transactions conducted by the customers over the past 4 years, on average 54% of the transactions were for post-paid bill payments being the most popular type of payment made using e-money accounts. While airtime top-up was the second-most popular with 26% of the transactions, the rest of the transactions were made up of utility bill payments with 11%, merchant payments with 9% and P2P transfers with just 1% of total volume of transaction.

[11] Dhivehi Raajjeyge Gulhun Plc, Ooredoo Maldives Plc, FahiPay Pvt Ltd, Payer Pvt Ltd.

1.03 Million Transactions

MVR266.5 Million

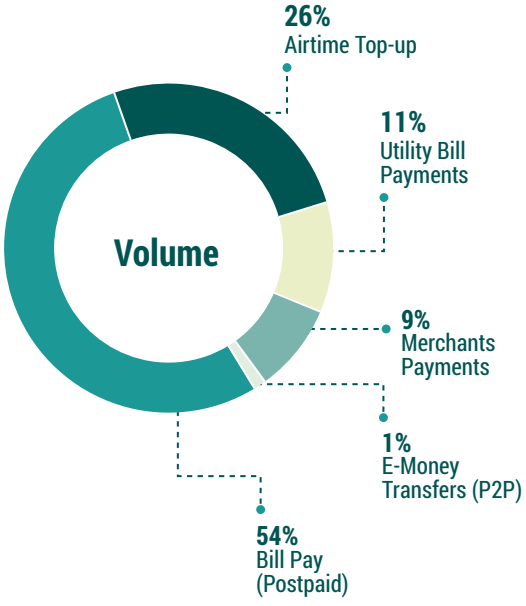
Cash-in (E-money Account Top-up)

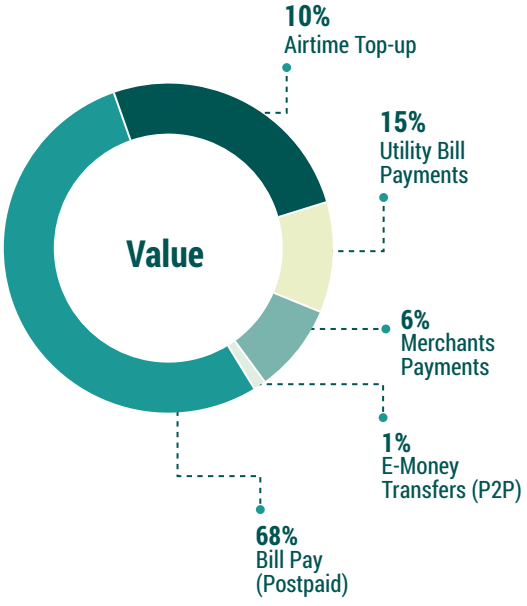
1.37 Thousand Transactions

MVR2.74 Million

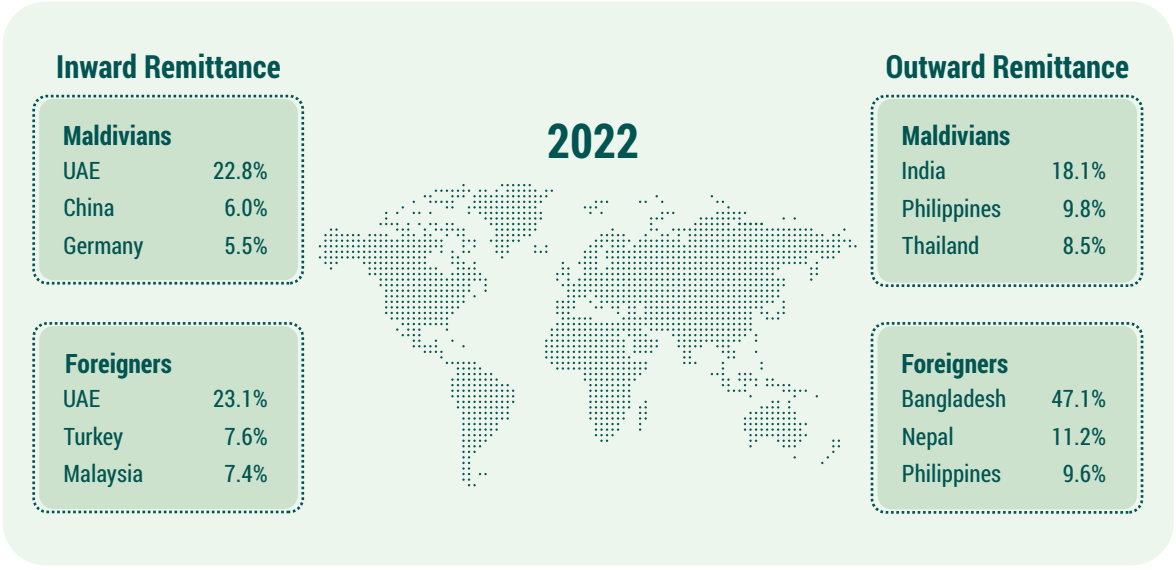
Cash-out (E-money Redemption)

Transactions by Type
Average Percentage from 2019 - 2022





Remittance Transactions by Remittance Service Providers



In addition to the banks, Remittance Services are currently provided in Maldives by two PSPs[12] licensed by the MMA. The majority of the total remittance transactions conducted by these parties are for outward remittances.

Although a significant increase in the demand for remittance service was observed in 2020 compared to the preceding year, overall transactions conducted by the Remittance Service providers have declined by 35% over the 4-year period between 2019 and 2022. This was a reduction from USD 80 million to USD 52 million.

During the year 2022, the total value of outward remittance was USD 49 million, representing 94% of the total value of transactions. The remaining 6%, with a total value of USD 3 million were for inward remittances.

Out of the total value of outward remittances, transactions conducted by foreigners amounted to 36.3 million while the remaining USD 12.7 million were transactions initiated by Maldivians. This denotes that 74% of outward remittances were initiated by foreigners while only 26% were initiated by Maldivians.

In terms of the total value of outward remittances initiated by foreigners in 2022 – Bangladesh, Nepal and Philippines were among the top 3 recipient countries – with 47.1%, 11.2% and 9.6%, respectively.

[12] Island Financial Services Pvt Ltd (via Western Union), and NBL Money Transfer (Maldives) Pvt. Ltd (via National Bank Limited, Bangladesh).

During the year, India, Philippines and Thailand were the top 3 recipient countries for total value of outward remittances conducted by Maldivians. While 18.1% of the total value of outward remittances were sent to India, 9.8% and 8.5% of the value, were sent to Philippines and Thailand respectively.

As for the value of inward remittances conducted in 2022, a significant majority of these transactions were received by Maldivians with 76% of the total value while the remaining 24% was received by foreigners.

During the year, countries including United Arab Emirates, Turkey and Malaysia were the top three countries that foreigners received funds from, representing 23.1%, 7.6% and 7.4% of the total value of inward remittances respectively.

While a total of USD 2.3 million of inward remittances were received by Maldivians in 2022, 22.8% of this value of was received from the United Arab Emirates. With 6.0% and 5.5%, China and Germany respectively were also among the top 3 countries from which the highest value of funds was received by Maldivians.

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