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Iranian Digital Payments Exceed \$30b in 1 Month



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Finance Desk

Iransians made 1.06 billion successful digital payment transactions worth 1.19 quadrillion rials (\$30.8 billion) during the month ending December 20.

The latest data released by Shaparak, the body in charge of Iran's payment network, indicate a 31.17% growth in the number of successful digital transactions and 46.7% growth in the value of electronic operations compared with the same period of last year.

Purchasing goods and services accounted for 75% of the total e-payments during the one-month period. Paying bills and checking account balances reached 18.3% and 6.5% of the total transactions respectively.

Shaparak also registered 111.6 million failed transactions during the period. Failed transactions accounted for 9.46% of the total payments—at 1.18 billion and amounted to 11.75% of total transactions during the same period of last year.

Users' errors were the reason for 88% of failed transactions. Card issuers' (that is, banks) mistake was the reason behind 8.5% of unsuccessful transactions. Mistakes by Shaparak were the cause of failures in only 0.29% of failed transactions.

Banks' mistakes were the cause of 20% of failed transactions last year, whereas users' mistake accounted for 75% of failures in digital transactions.

Boom in Online Gateways

According to Shaparak, 253,358 online gateways were active by December 21.

Online gateways experienced a whopping 1,485% growth in their number compared with the previous year's 15,977 gateways. These increased by 372%

during the month ending December 20 compared with the last month.

“One of the payment service providers started to offer a new service that allows shopkeepers [using POS terminals] to accept money online,” Shaparak said, elaborating on the reason behind the unusual growth.

Shaparak was probably referring to Pardakht Mellat, though it did not name the company. The company, back in October, unveiled its NFC (Near Field Communication) payment system that is available only for its own customers.

Beh Pardakht had already equipped 70% of its POS terminals with NFC technology.

Policymakers’ recent measures over authorizing non-bank payment companies and fintech firms might have had a positive impact on enhancement of online payment methods.

However, online gateways account for just 4.33% of active payment tools in the country. POS terminals are still Iranians’ favorite payment tool, accounting for 95.5% of active payment tools. The total number of POS terminals reached 5,580,501 by December 21.

Shaparak data indicate that transactions valued at less than 5 million rials (\$130) accounted for 90% of payments processed by POS terminals. Payments valued at less than 250,000 rials (\$6.5) accounted for 62.5% of transactions processed through online gateways.

PSP Performance

Beh Pardakht Mellat, affiliated with Bank Mellat, kept its leading position in Iran’s payment market. The company alone accounted for 23.5% of the total e-transactions during the month ending December 20.

Saman Electronic Payment, affiliated with Saman Bank, and Asan Pardakht Persian ranked second and third, accounting for 17% and 13% of transactions, respectively.

However, SEP managed to take the lead in online payments category, processing 24.14% of total transactions in this group. The market share of two major providers of online gateways, Beh Pardakht and Parsian E-Commerce Company, stood at 23.4% and 15.9%, respectively.

Beh Pardakht dominated POS terminal payments, accounting for 26.1% of transactions in this category. Asan Pardakht Persian also remained the leading PSP in mobile payments category, processing 40% of mobile payment transactions.

Iran is the leading payment market in the Middle East. Nilson Report Magazine listed seven Iranian payment service providers among the world’s largest 150 acquirers in 2016. The seven companies recorded a total of 7.9 billion transactions in 2015.

