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Iranian Payment Service Providers Overtake Mideast, Africa Peers

The Nilson Report, one of the most trusted sources of news and analysis of the global card and mobile payment industries, has surveyed the largest merchant acquirers in Middle East and Africa in 2016.

The report indicates that Iranian payment service providers have recorded considerably higher volumes of transactions, compared with other PSPs in the region.

Despite the fact that Iranian PSPs do not have any connection with Visa or MasterCard, their transactions, along with their acquired merchants, are significantly higher compared to other countries in the region.

However, the report has placed Iranian PSPs at the bottom of the list because it has been sorted by the volume of Visa/MasterCard transactions.

These US-based companies refuse to have any activities in Iran, as they claim sanctions remain in place for US-based companies, which do not allow them to process payments for Iranian banks and merchants.

Active Merchant Outlets

According to the report, Beh Pardakht Mellat, affiliated with Bank Mellat, registered the biggest number of active merchant outlets in 2016. The figure stood at 862,970, which is bigger than the collective number of active merchant outlets registered by non-Iranian Middle Eastern and African PSPs.

Beh Pardakht Mellat has distributed 844,977 POS terminals among merchants, which also constitute the largest volume among Middle Eastern and African PSPs.

Parsian E-Commerce Company, affiliated with Parsian Bank, was next in line as the firm recorded 834,517 active merchant outlets and 768,678 POS terminals.

Asan Pardakht Persian, Pasargad Electronic Payment (affiliated with Bank

Largest Merchant Acquirers in Middle East–Africa 2016

Rank '16	Rank '15	Company, Headquarters	Visa/Mastercard ¹			Other Cards ²		Active Merchant Outlets	POS Terminals	
			Transactions (mil.)	Chg.	Volume (mil.)	Chg.	Trans. (mil.)			Volume (mil.)
1	1	Absa Bank South Africa	727.9	10%	\$18,551.1	13%	6.8	\$370.9	54,954	122,179
2	2	First National Bank South Africa ³	541.7	12%	\$13,902.6	14%	47.8	\$1,952.4	55,621	116,886
3	3	Standard Bank South Africa	399.0	21%	\$11,003.7	15%	3.2	\$374.1	46,620	76,244
4	4	Nedbank South Africa	258.4	12%	\$9,966.9	17%	—	—	47,781	52,711
5	5	Network International United Arab Emirates	204.0	14%	\$27,272.3	10%	0.8	\$307.2	42,113	82,305
6	6	First Abu Dhabi Bank United Arab Emirates	107.4	7%	\$11,762.7	6%	<0.1	\$4.2	18,299	44,283
7	7	Mashreq Bank United Arab Emirates	103.1	25%	\$11,608.0	9%	0.3	\$197.7	16,857	32,800
8	8	National Bank of Kuwait Kuwait ⁴	41.4	12%	\$4,234.8	6%	12.3	\$1,662.2	13,171	14,705
9	10	Kuwait Finance House Kuwait	39.4	29%	\$4,058.4	4%	—	—	6,643	7,381
10	11	Qatar National Bank Qatar ⁵	34.1	12%	\$4,497.1	16%	6.1	\$1,027.6	3,565	7,635
11	9	CMI Morocco ⁶	33.6	8%	\$2,357.7	5%	1.6	\$74.0	22,861	37,919
12	12	SABB Saudi Arabia ⁷	30.3	18%	\$5,028.4	10%	22.6	\$3,618.9	14,101	17,050
13	13	Mercantile Bank South Africa	25.1	36%	\$790.0	41%	—	—	18,021	12,648
14	22	Commercial Bank Kuwait	17.4	81%	\$4,066.4	59%	—	—	5,893	15,687
15	14	Mauritius Commercial Bank Mauritius ⁸	16.8	-1%	\$902.7	5%	0.9	\$118.5	4,335	7,159
16	15	Bank Alfalah Pakistan	16.7	9%	\$654.5	9%	0.3	\$8.9	9,857	26,786
17	16	Commercial International Bank Egypt	15.7	16%	\$1,190.3	24%	—	—	8,234	11,329
18	18	Gulf Bank Kuwait	13.2	14%	\$2,261.5	20%	—	—	4,268	5,801
19	19	Bank Audi Lebanon	13.1	13%	\$1,700.0	5%	0.3	\$100.8	6,750	9,910
20	20	Arab African International Bank Egypt	12.3	8%	\$635.2	12%	—	—	5,571	7,974
21	17	Emerging Markets Payments Jordan	11.8	2%	\$1,124.6	-8%	<0.1	\$0.2	12,794	17,701
22	21	Doha Bank Qatar	10.7	3%	\$1,304.2	6%	<0.1	\$14.5	1,996	3,213
23	23	Credit Libanais Lebanon	9.1	17%	\$749.5	-18%	—	—	10,329	12,175
24	24	National Commercial Bank Saudi Arabia ⁷	8.8	37%	\$1,061.1	20%	76.7	\$7,074.0	21,154	40,000
25	25	Al Rajhi Bank Saudi Arabia ⁷	7.3	17%	\$1,001.9	>1%	162.0	\$16,915.2	27,625	62,118
26	26	Alawwal Bank (Hollandi) Saudi Arabia ⁷	4.2	18%	\$336.5	10%	36.2	\$2,973.5	1,052	11,147
27	27	Riyad Bank Saudi Arabia ⁷	4.0	18%	\$530.0	10%	32.6	\$4,877.6	4,984	18,238
28	28	Equity Bank Kenya ⁹	2.6	7%	\$133.1	14%	0.7	\$23.3	1,580	3,693
29	29	BankMod Lebanon	1.9	53%	\$201.1	49%	—	—	2,168	2,504
30	30	Saudi Arabian Investment Bank Saudi Arabia ⁷	1.7	73%	\$260.8	40%	16.8	\$1,576.6	2,440	8,792
31	31	FirstBank Nigeria	0.4	6%	\$47.1	12%	<0.1	\$0.2	4,681	8,621
32	—	Behpardakht Mellat Iran ¹⁰	—	—	—	—	2,702.4	\$132,973.4	862,970	844,977
33	—	Saman e-Pay Iran ¹⁰	—	—	—	—	1,907.5	\$40,092.2	13,130	596,648
34	—	Asan Pardakht Persian Iran ¹⁰	—	—	—	—	1,906.9	\$27,042.8	475,954	475,206
35	—	Parsian E-Commerce (PECCO) Iran ¹⁰	—	—	—	—	1,433.8	\$28,258.0	834,517	768,678
36	—	Pasargad Electronic Payment (PEP) Iran ¹⁰	—	—	—	—	633.4	\$29,874.3	312,704	300,052

Figures are net (gross minus chargebacks). Change in volume is based on local currency. ¹Visa and Mastercard credit, debit, and prepaid cards including Electron and Maestro. ²Includes American Express, Diners Club, JCB, and UnionPay, and domestic debit and credit cards. ³Other includes Petro Card, fleet cards, loyalty cards, and e-backs domestic debit and credit cards. ⁴Other includes Al-Amil & Khat domestic debit cards. ⁵Other includes e-Cash domestic debit cards. ⁶Other includes CMI private label domestic debit cards. ⁷Other includes Mada domestic debit cards. ⁸Other includes Fleetman domestic debit and credit cards. ⁹Other includes AutoBranch domestic debit cards. ¹⁰All are Shetab domestic debit and credit cards.

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Pasargad) and Saman Bank's Saman e-Pay came next regarding the number of active merchant outlets and distributed POS terminals.

South African PSPs, namely Absa Bank, First National Bank, Standard Bank and Nedbank, registered the highest number of active merchant outlets in Middle East and Africa after Iranian companies.

Absa Bank and First National Bank's active merchant outlets in 2016 respectively stood at 54,954 and 55,651 while both companies have about 120,000 POS terminals in the market.

Number, Volume of Transactions

The Iranian PSP, Beh Pardakht Mellat, also managed to register the largest number and volume of transactions in 2016. The number of its transactions exceeded 2.7 billion with an overall value of \$133 billion.

Saman e-Pay and Asan Pardakht Persian both recorded over 1.9 billion transactions that are considerably higher than other PSPs in the region. The value of the two PSPs' transactions stood at \$40 billion and \$27 billion, respectively.

This is while the transactions of Iranian PSPs are only conducted domestically and they have no international ties for now.

The Nilson Report has placed South Africa's Absa Bank on top of its list. The African PSP has registered 728 million transactions worth \$18.5 billion with Visa and MasterCard while it recorded 6.8 million domestic transactions with a total value of \$370million.

The difference between Iranian payment service providers and even the largest PSPs in other countries of Middle East and Africa in case of number and value of transactions is way too much.

There is no doubt that the payment industry in Iran has significantly improved in recent years, but the huge gap between the volume and number of Iranian PSPs' transactions with other countries in the region shows that Iranians favor electronic payment methods as they have proven to be safe and fast.

In Iran, people prefer to use their bank cards instead of cash even to pay small amounts of money because they do not have to pay any kind of fee for the transaction. Hence, the number of transactions and the volume of money in circulation surge this high.

Twelve PSPs have been licensed by the Central Bank of Iran to operate in the market. PSPs process about 1 billion transactions each month worth about 1 trillion rials (\$31.7 billion) on average.

Shaparak, the CBI-affiliated firm in charge of managing Iran's payment network, processed 1.28 billion transactions worth 1.37 trillion rials (\$35.3 billion).

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