



CENTRAL BANK
OF THE REPUBLIC OF AZERBAIJAN

Digital Payments Report

2025

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1. INTRODUCTION

One of the key objectives of the Central Bank is to expand the use of cashless payments, promote the adoption of innovative payment solutions, and increase access to digital solutions through cost optimization associated with the use of cashless payments. To achieve these objectives, the Central Bank implemented a number of measures in 2025 aimed at improving the legislative framework, ensuring the resilience of payment systems, promoting the participation of fintech companies in the payment market, and expanding the coverage of accessible payment services.

The payment ecosystem is one of the key sectors, rapidly developing internationally and driving the emergence of innovations. Notably, many of the largest fintech companies operating globally are participants in the payments market.

Among the key international payment trends in 2025 were the growing use of account-based payment solutions, the expanding interest in electronic wallet solutions, and the increasing adoption of AI-based payment technologies. According to research by McKinsey & Company, about 3.6 trillion payment transactions with a total value of around \$2 quadrillion were processed globally in 2025.

According to the *2025 Global Payments Report*, the global value of e-commerce transactions amounted to \$6.8 trillion in 2024 and is projected to increase to \$10.8 trillion by 2030. At the same time, while 57% of global e-commerce transactions

were conducted via mobile devices in 2024, this share is projected to reach 64% by 2030.

The use of digital payments in Azerbaijan is also growing. In 2025, the total value of transactions processed through the National Payment System (NPS) amounted to AZN840.9B (6 times the GDP). Debit and credit cards remained primary payment instruments used for day-to-day payments, with the value of domestic cashless payments with these cards increasing by 26% to AZN99.1B year-over-year. The share of cashless turnover in domestic transactions with payment cards increased by 3.4 pp to historical highs of 67.6% year-over-year.

Users' adoption of innovative payment solutions continued to accelerate. In 2025, the number of payments made through Apple Pay and Google Pay increased by 67% year-over-year, while the total value of these payments grew by 66%. During the reporting period, one out of every two contactless payments conducted via POS terminals was carried out using smart devices.

Measures implemented

During the reporting year, a transportation project promoting the development of digital payments was successfully implemented. In Baku, passengers are now able to pay fares via contactless payments on all bus routes equipped with cashless payment systems, as well as at all stations of the Baku Metro, using all bank cards that support contactless transactions, in addition to Apple Pay and Google Pay. Through this project, Azerbaijan has become one of the

leading countries enabling the use of contactless bank cards in public transportation. This solution reduces reliance on traditional payment methods, providing users with fast and secure payment options through existing bank cards and mobile devices. Moreover, the project eliminates the need for tourists to obtain local transport cards, allowing them to make payments in public transport using internationally branded contactless cards. The introduction of bank card acceptance for public transport fares positions Azerbaijan alongside countries with advanced digital payment infrastructures on a global scale.

Promoting digital payments remained a key focus, and necessary measures were implemented in cooperation with international payment system operators and relevant authorities. To raise awareness among business entities, inform them about cost-effective payment solutions, and strengthen communication between banks and entrepreneurial entities, awareness-raising events for businesses were organized in regions. These events were carried out in cooperation with the State Tourism Agency and the Azerbaijan Banks Association, with the involvement of relevant experts.

The Central Bank continued to implement comprehensive measures to strengthen cybersecurity in the financial market. On the Bank's initiative, a working group was established to combat fraud in digital payments, consisting of representatives from the Ministry of Internal Affairs and payment service providers. The primary focus of the working group is to enhance information security within the digital financial ecosystem, improve

preventive measures, and ensure coordinated actions based on international best practices.

Improving the legislative base

In 2025, efforts continued to improve the legislative framework for payment services. The Central Bank of the Republic of Azerbaijan's *'Payment Systems Oversight Policy'* was approved in a new edition, taking into account the updated legislative requirements. The *'Regulation on maintaining payment operations and on payment instruments,'* was amended to support cheaper acceptance of digital payments, new requirements were introduced for QR code payments and a unified national AZQR standard was established. The *'Regulation on maintenance of settlements between payment service providers'* was approved in a new edition, establishing the legal basis for the integration of non-bank payment service providers into payment systems. In accordance with amendments to the *'Regulation on the organization and implementation of activities by payment and electronic money institutions,'* new requirements were introduced regarding the internal control units of these organizations. In addition, the requirements for the accounting of users' funds, as well as reporting, business planning, and operational program obligations of the organizations, were further enhanced.

As part of the Central Bank's *2024-2026 Financial Sector Development Strategy*, work continued on the initiatives to accelerate the implementation of the open banking approach and enhance the process of customer identification through digital channels. The open banking ecosystem was

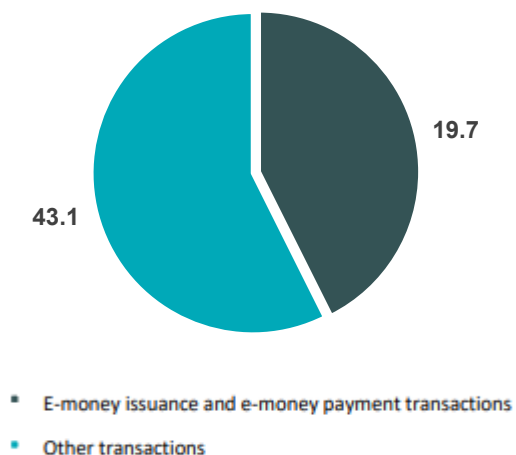
developed in phases: the Bank completed the integration of commercial banks into a centralized infrastructure for account information services, while internal software and technical specifications were developed for the provision of payment transaction services. Efforts also continued on approving the open finance concept and establishing a corresponding legal and regulatory framework. To ensure the effective implementation of the 'Know Your Customer' (KYC) principle, the concept for the e-KYC platform was developed, and work on addressing the platform's technical aspects commenced.

New actors in the payments market

As part of licensing the activities of payment service providers, the Central Bank licensed three electronic money institutions, two payment institutions, and one operator. As of the end of 2025, the payment market included 17 e-money institutions, nine payment institutions, and two operators.

In 2025, the total value of transactions for services provided by non-bank payment service providers amounted to AZN62.8B, including AZN19.7B for the issuance of e-money and payment transactions using e-money. The value of transactions for other payment services not related to electronic money issuance amounted to AZN43.1B.

Value of transactions by payment services, bln. manat

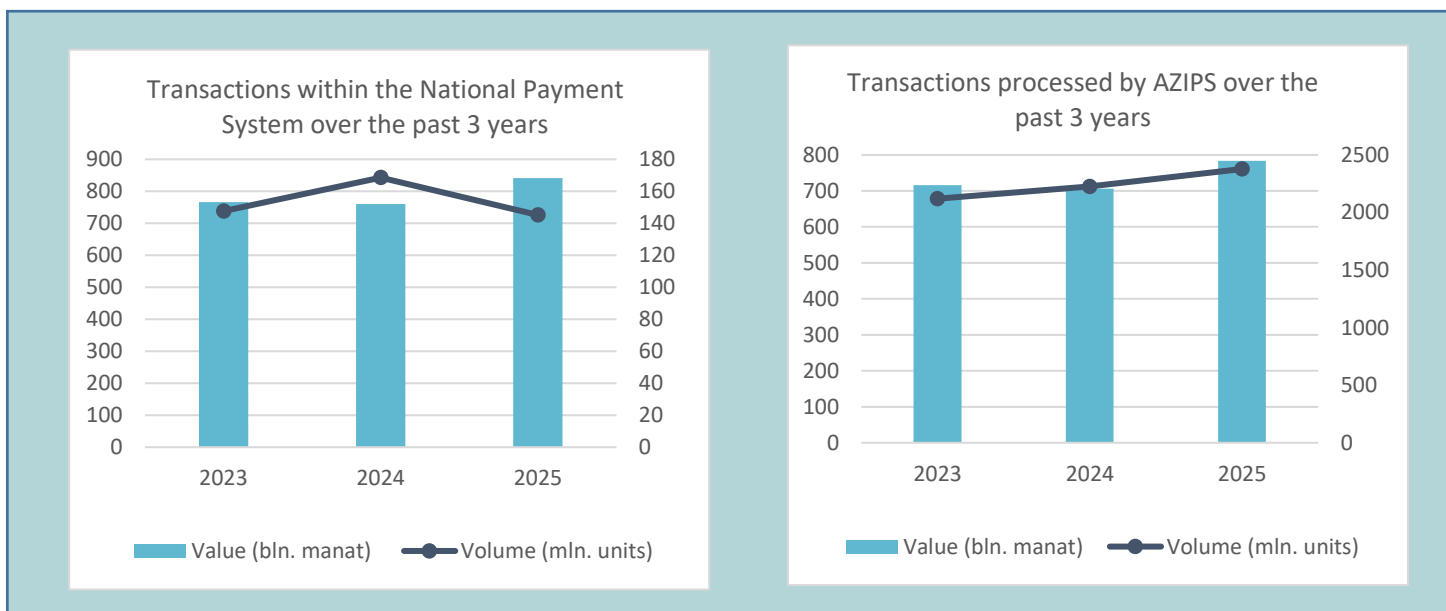


2. NATIONAL PAYMENTS SYSTEM

Over the reporting year the value of payments made through the core components of the national payments system – the Real Time Gross Settlement System (AZIPS), the Low Value Payments Clearing and Settlement System (LVPCSS) and the Instant Payments System (IPS) amounted to AZN840.9B (145.2 million units of payments).

Turnover indicators on the national payment infrastructure

| Payment system participants | | Number of payments (thousand units) | | | Value of payments (mln. manat) | | |
|-----------------------------|--------------------|-------------------------------------|---------|---------|--------------------------------|---------|---------|
| | | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| AZIPS | Central Bank | 20 | 16 | 17 | 259,382 | 188,603 | 223,158 |
| | Commercial banks | 1,225 | 1,378 | 1,426 | 413,030 | 466,587 | 492,967 |
| | Other participants | 875 | 833 | 935 | 43,899 | 50,646 | 67,853 |
| LVPCSS | Central Bank | 68 | 49 | 49 | 822 | 648 | 1,477 |
| | Commercial banks | 144,593 | 165,116 | 132,367 | 39,626 | 42,941 | 42,957 |
| | Other participants | 375 | 373 | 406 | 8,564 | 9,364 | 9,843 |
| IPS | | 588 | 801 | 9,992 | 1,054 | 1,373 | 2,609 |



2.1. AZIPS

In 2025, the number of transactions processed through AZIPS equaled 2.4 million units (y.o.y up by 3.5%) and the value amounted to AZN784B (y.o.y up by 5.7%).

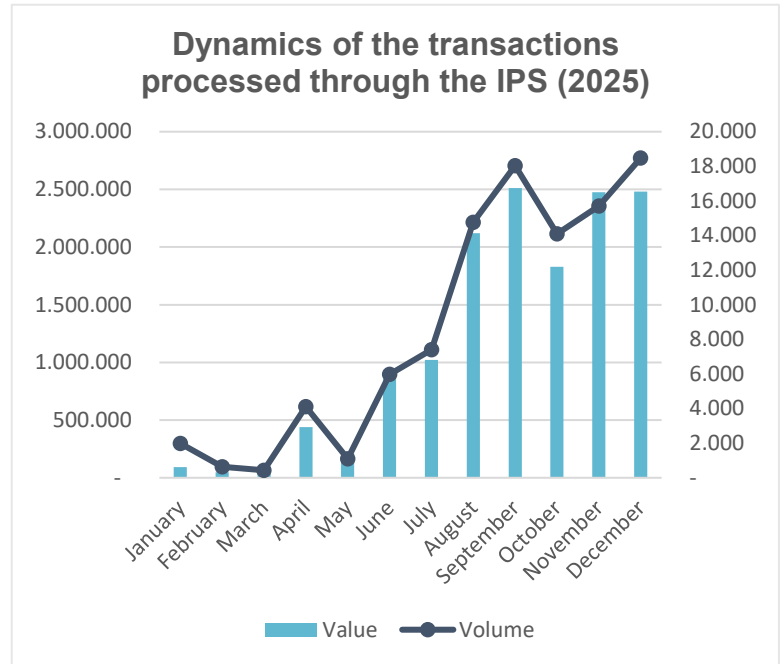
2.2. LVPCSS

AZN54.3B payment transactions worth 132.8 million were cleared through LVPCSS in 2025.

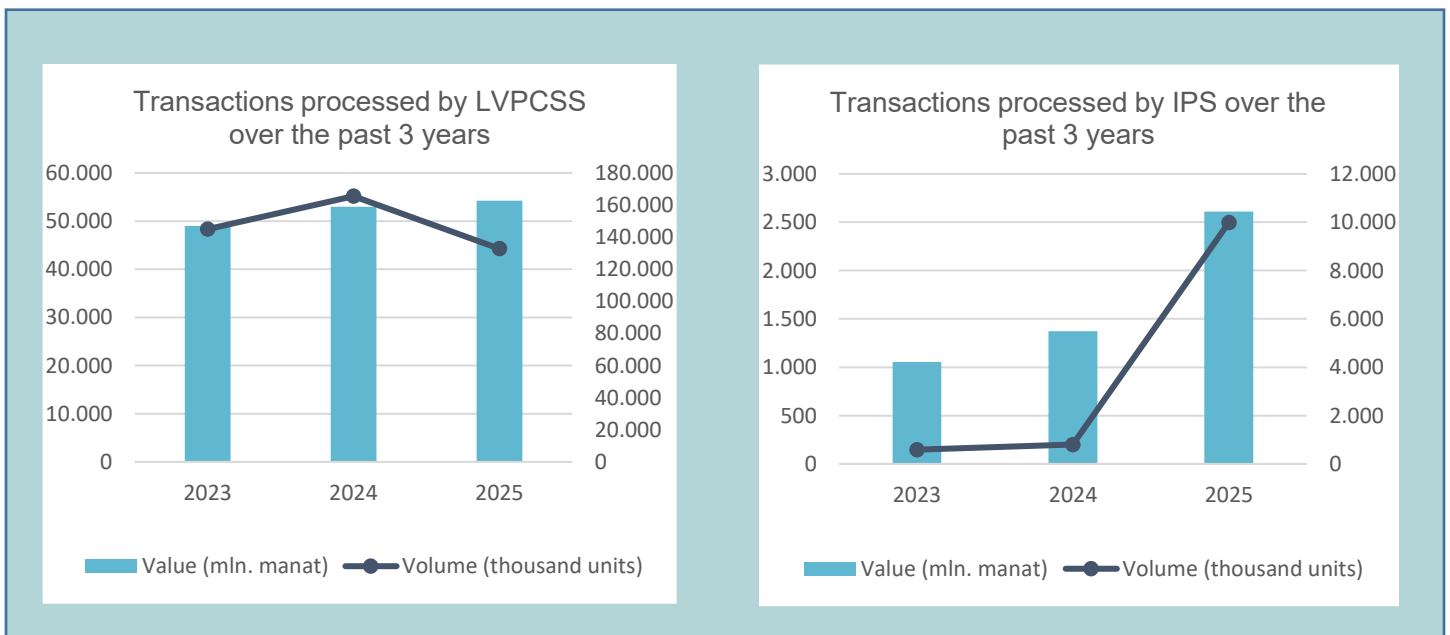
2.3. IPS

The number of operations executed through the 7/24 Instant Payments System (IPS), one of the newest components of the NPS, increased by 12.5 times and the value increased by 90.1% year-over-year.

The ‘2024-2026 Financial Sector Development Strategy’ identifies the expansion of the use of IPS as one of the key priorities. One of the steps taken in this direction was the enactment in 2025 of the ‘Requirements for AZQR Codes for QR-based payment transactions in the Republic of Azerbaijan’, approved by the Management Board of the Central Bank. The document establishes the minimum requirements for the design and format of the AZQR code, including the fields to be included in the code.



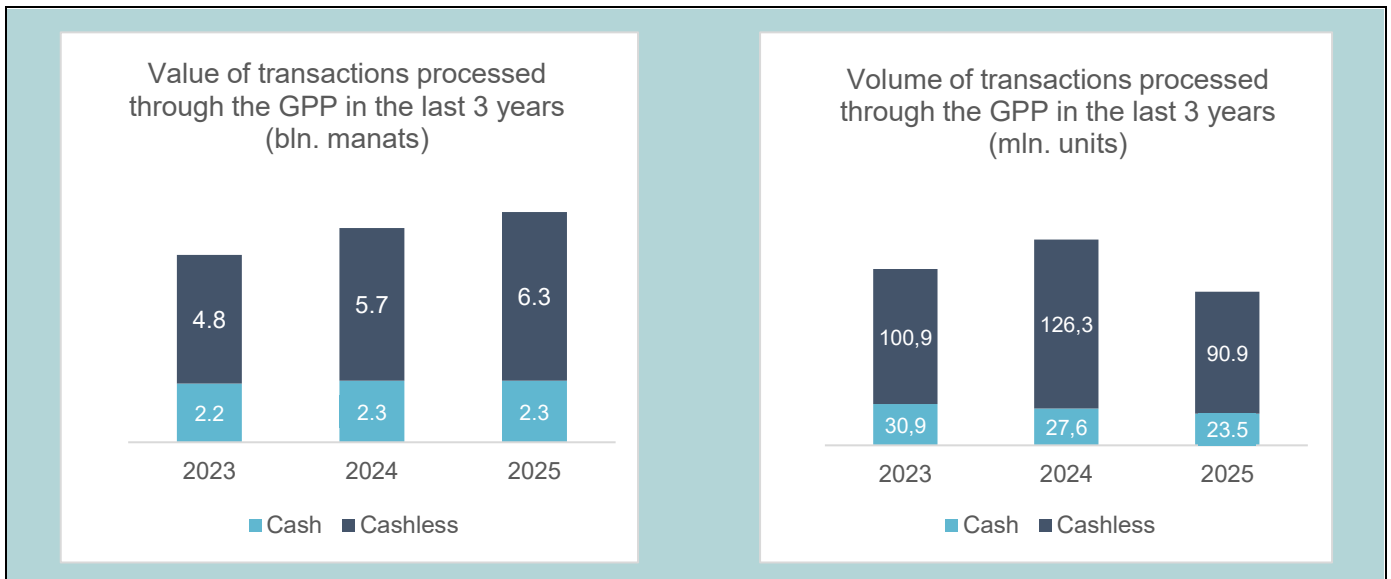
In H2 2025, the number of QR payments conducted through the IPS increased 6.2 times compared to the first half of the year, while their total value grew 7.1 times. The increased use of QR payments, considered a more cost-effective payment solution, makes a significant contribution to reducing the costs of accepting cashless payments.



2.4. Other components

In 2025, the value of payments processed through the Government Payments Portal (GPP) increased by 6.6%, and the value of cashless payments increased by 9.3% year-over-year.

114.4 million transactions worth AZN8.6B were executed through the GPP; 79.2% (90.9 million units) in terms of number and 73.1% (AZN6.3B) in terms of value of these transactions were cashless.



The continuity of the operations of the Interbank Card Center (ICC), established to ensure that the processing of transactions conducted between service centers using domestically issued payment cards is carried out within the country, has been maintained. In 2025, 872 million card transactions were conducted over the ICC, the value of transactions in the national currency amounted to AZN40.3B, the foreign currency breakdown is as follows \$79.8M and €23.6M.

3. PAYMENT CARD INDICATORS¹

3.1. Payment card use indicators

Payment cards issued by domestic banks were used as the main payment instrument.

As of 01.01.2026, payment cards in circulation numbered 22 million units, 91.6% of which supported contactless payments, excluding virtual cards. The number of payment cards increased by 10.5% year-over-year. Debit cards accounted for 90.6% (19.9 million units), and credit cards for 9.4% (2.1 million units) of total payment cards issued. The number of virtual cards

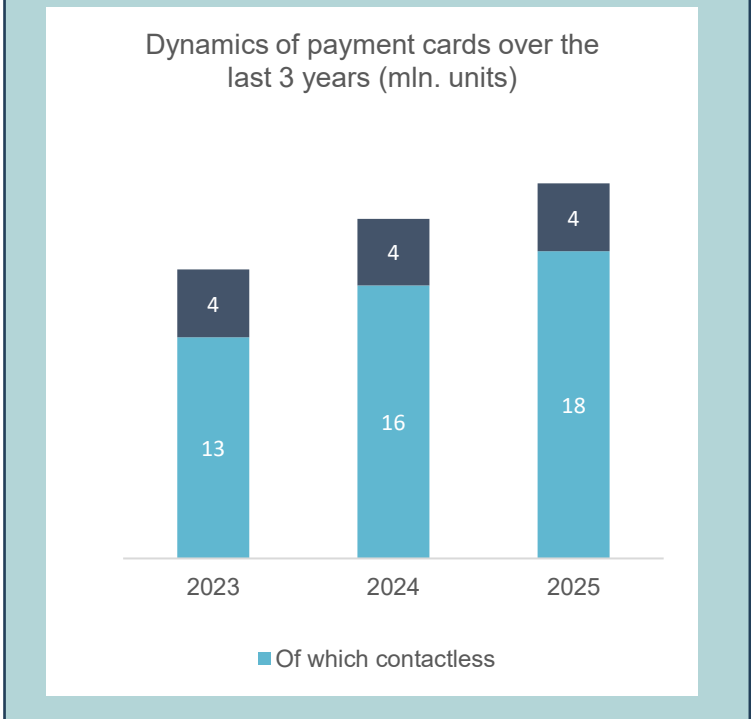
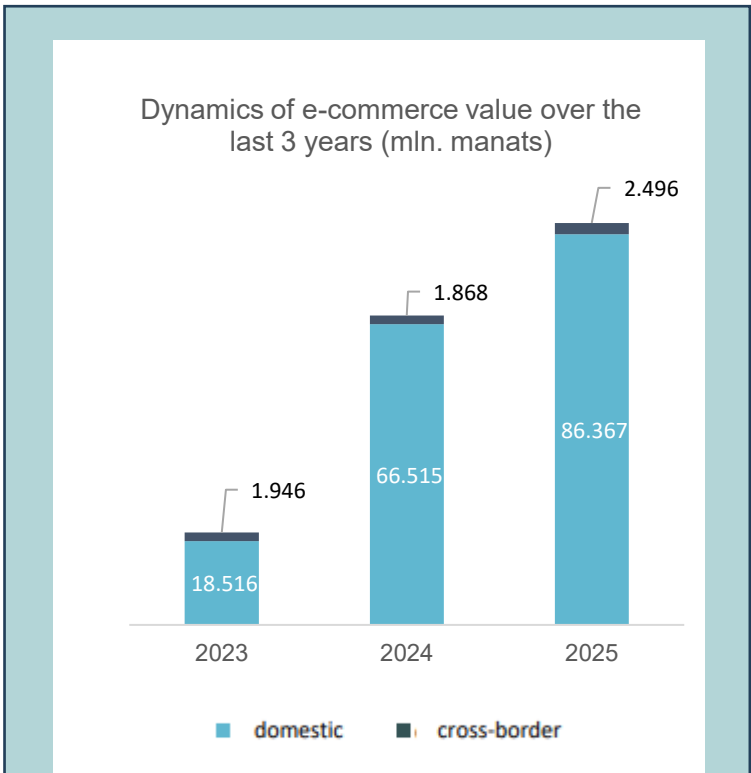
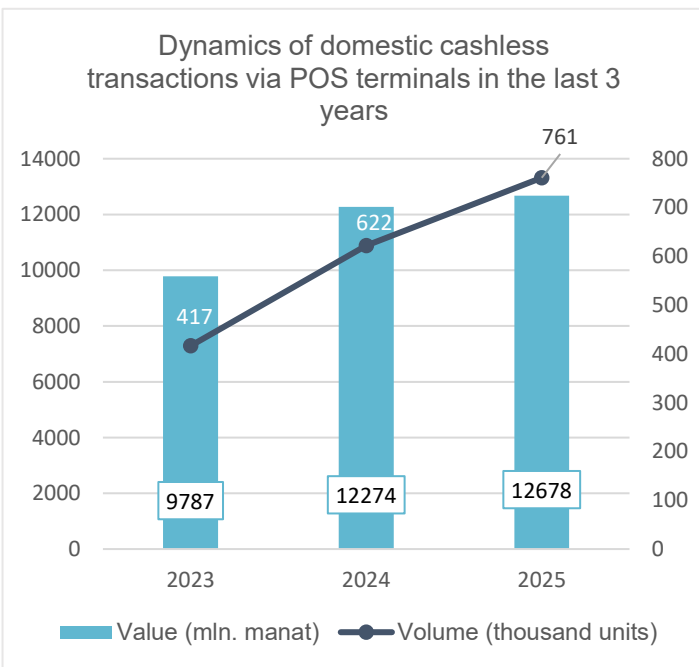
¹ Including the service network of Azerpost LLC

increased by 24.6% to 2.3 million units and accounted for 10.7% of total payment cards in circulation.

Payment card transactions increased by 19.3% to AZN146.7B, and the value of cashless payments increased by 25.6% to AZN99.1B year-over-year.

In 2025, the number of e-commerce operations increased by 43.4% to 1,5 billion units, and the value increased by 29.8% to AZN86.4B year-over-year.

The number of cashless operations through POS-terminals increased by 22.3% to 760.5 million units, while their value increased by 3.3% to AZN12.7B year-over-year. Throughout 2025 contactless payments through POS-terminals increased by 22.5% to 734.8 million units, while their value increased by 4.7% to AZN12.1B year-over-year.



3.2. Distribution of card infrastructure across economic regions and card transaction indicators

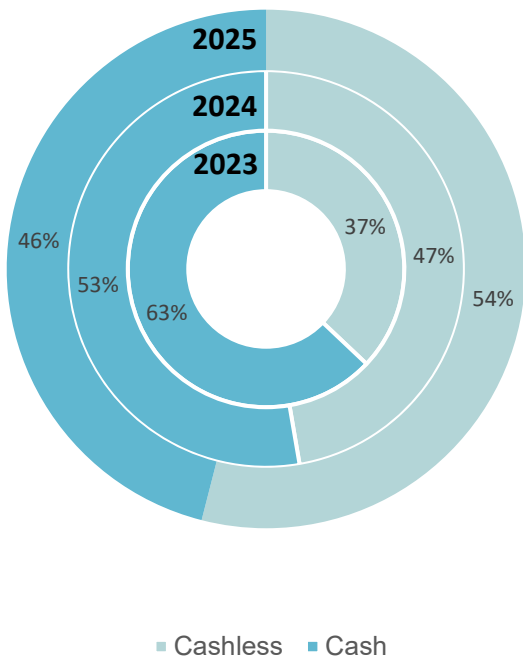
| ATM location across economic regions as of end-2025 | | | | | |
|---|--------------|--------------|-----------------------------|--------------|------------------|
| Economic regions | Total | ondan | | | |
| | | Ccash-in | Foreign exchange ATMs (CNP) | Recycle ATMs | Contactless ATMs |
| Baku | 1,930 | 885 | 290 | 716 | 958 |
| Nakhchivan | 98 | 16 | 1 | 13 | 14 |
| Absheron-Khizi | 246 | 92 | 20 | 72 | 107 |
| Mountainous Shirvan | 62 | 11 | 2 | 10 | 17 |
| Ganja-Dashkesen | 184 | 45 | 11 | 32 | 44 |
| Garabag | 131 | 14 | 2 | 13 | 24 |
| Gazax-Tovuz | 140 | 20 | 5 | 18 | 24 |
| Guba-Khacgmaz | 130 | 26 | 6 | 19 | 33 |
| Lankaran-Astara | 121 | 13 | 3 | 10 | 21 |
| Central Aran | 154 | 22 | 3 | 20 | 28 |
| Mil-Muğan | 90 | 6 | - | 5 | 11 |
| Shaki-Zagatala | 153 | 23 | 6 | 15 | 28 |
| Eastern Zangazur | 17 | 2 | - | 2 | 3 |
| Shirvan-Salyan | 116 | 14 | 4 | 11 | 20 |
| TOTAL | 3,572 | 1,189 | 353 | 956 | 1,332 |

| POS-terminal location across economic regions as of end-2025 | | | |
|--|----------------|--|---------------------------|
| Economic regions | Total | in retail trade, catering and service entities | out of which |
| | | | contactless POS-terminals |
| Baku | 114,689 | 113,339 | 110,430 |
| Nakhchivan | 4,369 | 4,292 | 4,272 |
| Absheron-Khizi | 11,635 | 11,466 | 11,212 |
| Mountainous Shirvan | 2,579 | 2,509 | 2,483 |
| Ganja-Dashkesen | 7,857 | 7,665 | 7,470 |
| Garabag | 5,470 | 5,323 | 5,250 |
| Gazax-Tovuz | 5,355 | 5,230 | 5,166 |
| Guba-Khacgmaz | 5,314 | 5,206 | 5,010 |
| Lankaran-Astara | 6,718 | 6,573 | 6,519 |
| Central Aran | 6,395 | 6,209 | 6,164 |
| Mil-Muğan | 3,647 | 3,542 | 3,511 |
| Shaki-Zagatala | 6,247 | 6,101 | 5,894 |
| Eastern Zangazur | 275 | 252 | 251 |
| Shirvan-Salyan | 3,670 | 3,555 | 3,506 |
| TOTAL | 184,220 | 181,262 | 177,138 |

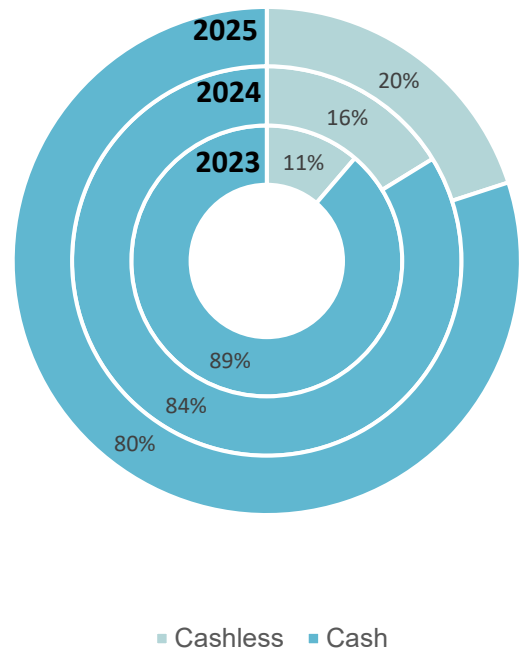
The number of ATMs throughout the country increased by 8.1% (ATMs located in regions increased by 7.2%). As of 01.01.2026, the number of POS-terminals in circulation year-over-year increased by 54.1% to 184.2 thousand units. The number of contactless POS-terminals increased by 55.5% to 182.4 thousand units. 99% of POS-terminals support contactless payments. The number of POS-terminals installed in trade, public catering and service entities in regions increased by 23 thousand (67%).

Cashless payment use habits of salary card owners surged. In 2025, 54.2% of payments with salary cards were made cashless. In payments made with social cards the weight of cashless operations has increased by 9 percentage points to 20% over recent three years.

Trends of Cashless Payments Usage Among Salary Card Holders

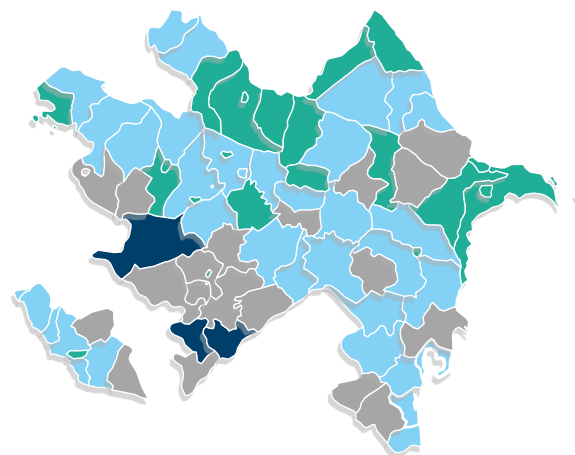
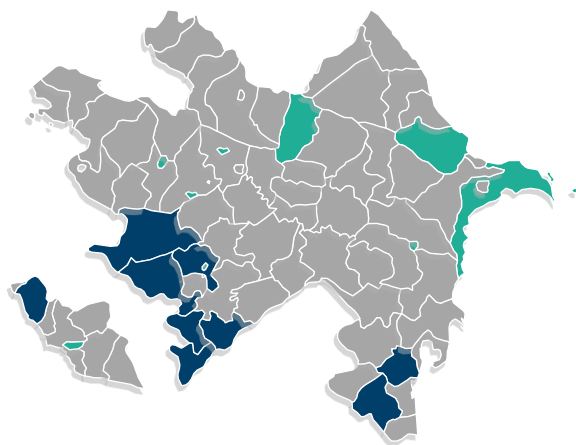


Trends of Cashless Payments Usage Among Social Card Holders



Coefficient of ATMs per 10 thousand persons across regions

Coefficient of POS-terminals per 10 thousand persons across regions



Total number of ATMs across the country **3 572**

Total number of POS-terminals across the country **184 220**

| 0-1 | 1-3 | ≥ 3 |
|--|--------------|--|
| 9 districts | 56 districts | 9 districts |
| <ol style="list-style-type: none"> 1. Sharyr 2. Khojaly 3. Lerik 4. Masally 5. Jabrail 6. Kalbajar 7. Gubadli 8. Lachin 9. Zangilan | | <ol style="list-style-type: none"> 1. Baku 2. Nakhchivan 3. Khizi 4. Ganja 5. Naftalan 6. Khankendi 7. Mingachevir 8. Gabala 9. Shirvan |

| 0-10 | 11-50 | 51-100 | ≥ 100 |
|---|-------|--------|-------|
| 3 districts | 19 | 32 | 20 |
| <ol style="list-style-type: none"> 1. Jabrail 2. Kalbajar 3. Gubadli | | | |

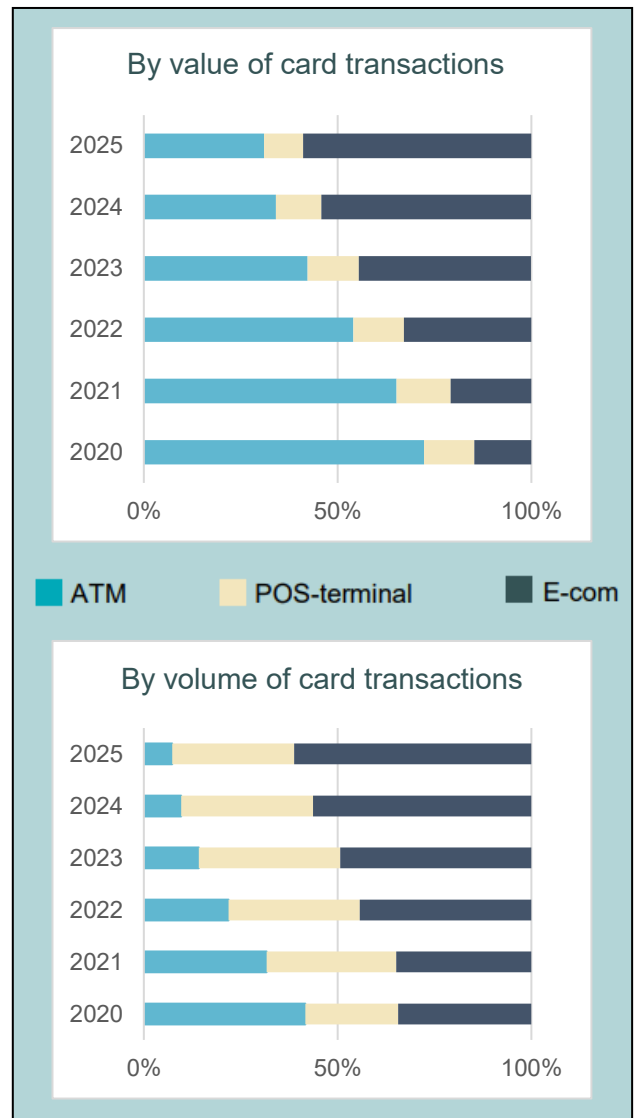
Dynamics of payment card use by ATMs, POS-terminals and e-commerce

The wider use of cashless payments also influenced consumer behavior, with cardholders increasingly preferring digital payment channels.

While in 2020, 41.7% of card transactions were conducted via ATMs, this figure dropped to 7.4% in 2025. A similar trend is observed in the transaction volume of ATM operations.

Whereas the weight of POS-terminal payments in total card operations was 23.9% in terms of number in 2020, this indicator increased to 31.4% in 2025.

In 2020 e-commerce accounted for 34.4% of total card operations, in 2025 this indicator reached 61.2%. The relevant indicator in terms of value shifted from 14.7% to 58.9%.



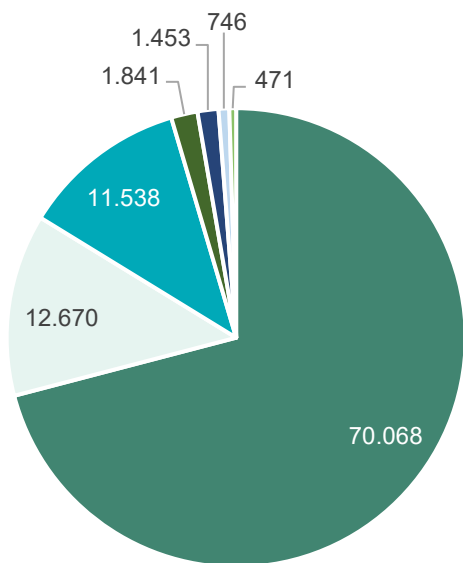
Distribution of domestic and international cashless operations by the merchant category code

The breakdown of cross-border cashless payments with payment cards is as follows: retail trade - 51.5%, transport - 13.8%, travel and entertainment - 13.1%,

business services - 6.1%, education - 2.4%, financial services (money transfers, loan repayments, top-up of e-wallets) - 6.5%, and other payments - 6.5%.

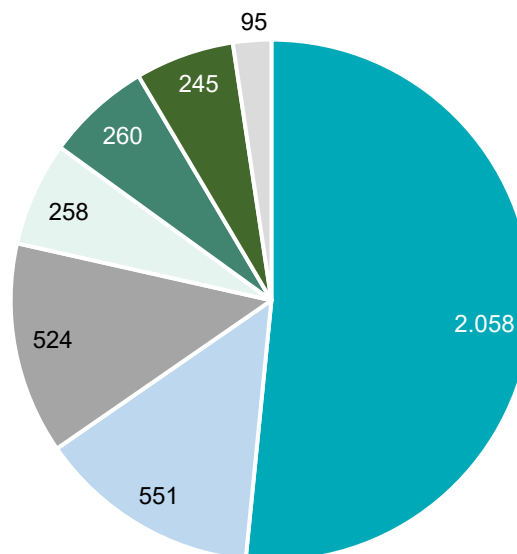
Financial services accounted for 70.9% and retail trade payments for 11.7% of total domestic payment card operations.

Breakdown of Domestic Cashless Transactions via Payment Cards by the Merchant Category Code (mln. manat)



- Financial services
- Retail trade
- Government
- Business services
- Other
- Utility
- Transport

Breakdown of Cashless Transactions Carried Out Outside the Country via Payment Cards by the Merchant Category Code (mln. manat)



- Retail trade
- Travel and entertainment
- Financial services
- Education
- Transport
- Other
- Business services

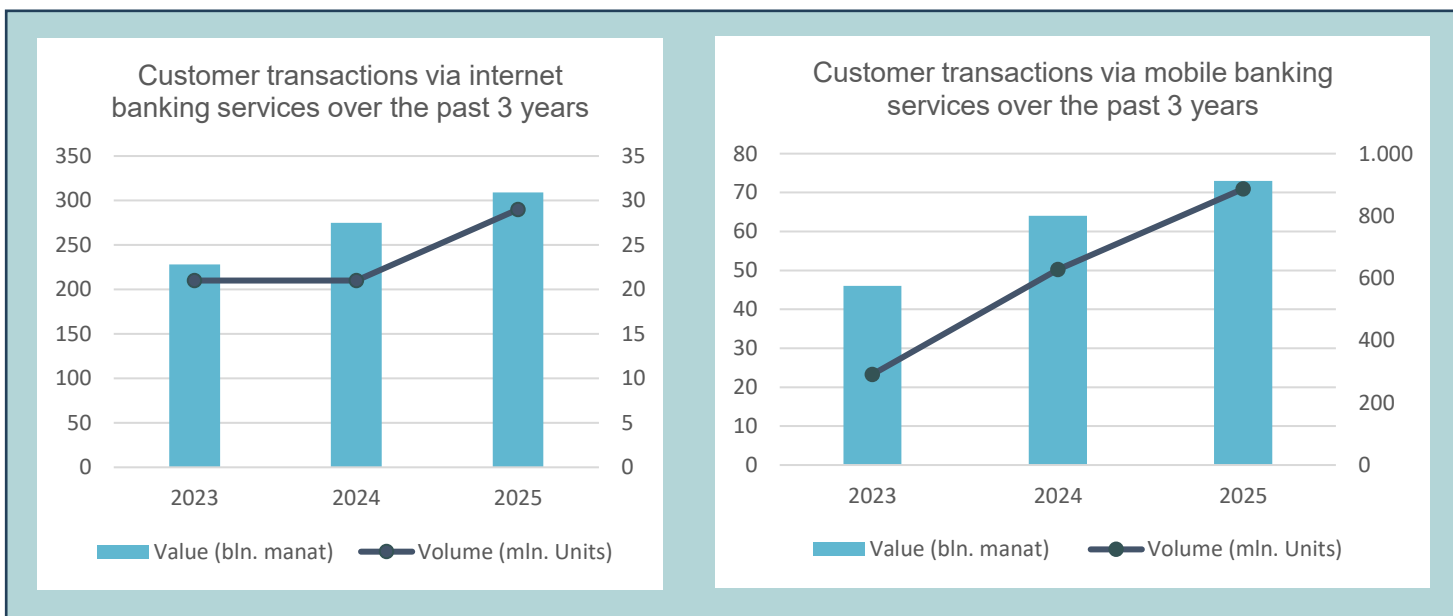
4. DIGITAL BANKING INDICATORS

In 2025, indicators of the use of digital banking services demonstrated growth.

As of 01.01.2026, 21 banks operating in the country, including the Azerpost LLC provide Internet banking services, and 20 banks and Azerpost LLC provide mobile banking services.

In 2025, the number of transfers from bank customers' current accounts in paper carriers and through digital banking

was 1060 million units (AZN507.4B). 94.4% of total transfers in terms of number and 82.5% in terms of value were made through digital banking. In 2025, the value of customer transfers through Internet banking services increased by 12.4% to AZN308.9B, and the value of customer transfers through mobile banking services increased by 14.3% to AZN73B year-over-year.





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