Financial Inclusion at Indian Post Payment Bank-An Introductory Approach.

DR. SUTANSHU KHATUA, DR. KUNAL SIL
Associate Professor, Department of Management, D.Litt Fellow in Commerce &
St. Xavier’s University, Kolkata. Management,

Srinivas University**.**

 **Introduction**
On the eve of the 75th anniversary of Indian Independence & continuing Azadi ka Amrit Mahotasav, INDIA POST PAYMENTS BANK (IPPB), a hundred percent government owned Institution, under Department of Posts (DoP) declared the inauguration of Fincluvation– a joint inventiveness to work together with Fintech Startup community to co-create and modernize solutions for our financial inclusion.

Fincluvation will be an enduring platform of IPPB to co-create comprehensive financial solutions with partaking start-ups. IPPB and DoP jointly serve close to 431

 million customers via neighborhood post office and to their doorsteps via more than 420,000 trusted and proficient Post Office employees and Gramin Dak Sevaks - making it one of the chief and trusted postal networks in our country.

**Key Words**- Azadi ka Amrit Mahotasav, Fincluvation, IPPPB, Gramin Dak Sevaks.

 **Payment Banks**
On the basis of the recommendations of the Nachiket Mor Committee, Payments Bank was established to function on a smaller scale with nominal credit risk portfolio.

The key objective is to promote financial inclusion by presenting [banking](https://cleartax.in/g/terms/banking) and financial services to the most [unbanked](https://cleartax.in/g/terms/unbanked) and underbanked areas, helping out the migrant work force, low- income earning households and small entrepreneurs etc.

They are listed under the Companies Act 2013 but are ruled by a host of legislations such as The Banking Regulation Act, 1949; RBI Act, 1934; The Foreign Exchange Management Act, 1999, The Payment and Settlement Systems Act, 2007 and the alike.

India at present has 6 Payment Banks-

1. Airtel Payment Bank.
2. India Post Payment Bank.
3. Fino.
4. Paytm Payment Bank.
5. NSDL Payment Bank, and
6. Jio Payment Bank.

 **Indian Post Payment Bank (IPPB)** India Post Payments Bank (IPPB) has been set up under the Department of Posts, Ministry of Communication with a 100% equity, owned by Government of India. India Post Payments Bank was launched by our Prime Minister Shri Narendra Modi on September 1, 2018. The bank has been formed with a focus to build the most handy, affordable and trusted bank for the common man in India. The essential mandate of IPPB is to eliminate blockades for the non-banked and non-banked and reach the last mile leveraging a huge network covering almost 160,000 post offices (among 145,000 in rural areas), with 400,000 postal employees.

 India Post Payments Banks (IPPB reach and its working model is built on the main pillars of India Stack - aiding Paperless, Cashless and Presence-less banking function in an unassuming and most secure manner at the customers' access, through a CBS-integrated smartphone and with a biometric device.

Leveraging economical innovation and with a very high focus on effortlessness of banking for the commonalities, IPPB strive to deliver a simple and reasonable banking solutions through spontaneous interfaces, made available in almost 13 languages. IPPB is dedicated to provide a boost to a cash less economy and contribute to the mission of Digital India. India will only thrive when every national will have identical opportunity to become more financially secure and empowered. Their maxim stands true – “Every customer is important; every transaction is significant, and every deposit is valuable”.

# Essential Features of IPPB

Indian Post Payment Bank realize the most customer needs. They have tailored their product and services to be simple and easy to avail. Some prominent features of IPPB includes-

1. Deposit.
2. Money Transfer.
3. Direct Benefit Transfers.
4. Third Party Products.
5. Billing & Utility Payments.
6. Enterprise & Merchant payments.

# Current Operational Strength-



 **Services of Indian Post Payment Bank-**
 IPPB offers utmost banking services at rural, semi urban and urban areas via doorstep banking facilities. One can avail doorstep services at his/her housing or commercial places, if address communicated is proper.

# Indian Post Payment Bank Services

Account On Boarding

Merchant On Boarding

Third Party Services

Accounting Service

Other Account Related Services includes-

* 1. PAN updating.
	2. Management of beneficiary.
	3. Account statement.
	4. QR card.
	5. Adhaar linking.
	6. Sharing complaints, etc.

# Specific Attention to Rural Areas

Indian Post Payment Bank has a explicit orientation to rural sectors-

1. Leveraging the trust which the India Post enjoys in the minds of the public.
2. Minimalizing and improving NPAs.
3. Providing help to increase per capita income of the rural people.
4. Providing a real financial service.

**Social Inclusion**- IPPB performs as a reagent for social and financial inclusion done through the massive network of post offices through the nation.

Last mile delivery of services through the Postman - and ‘Grameen DakSewaks’ acting as Mobile bankers – helping to provide "banking at doorstep".

**Push to MSMEs**: Rural MSMEs get benefit from financial services mostly offered by IPPB.

**Effective Direct Bank Transfer**: IPPB will enable better diffusion of schemes and better transfer of benefits. Banking through IPPB would give a improvement to Government’s initiatives, alike promoting digital transactions and [Direct Benefits Transfer (DBT).](https://www.drishtiias.com/printpdf/rbi-advisory-on-direct-benefit-transfer)

 **Employment Opportunities**: IPPB generates service opportunities for more than 4500 banking professionals, who will be involved in propagating financial literacy programs across the country.

**Trustworthiness**: It doesn't necessitate to gain the confidence of customers like its competitors, particularly in the rural areas, as the local postman is taken an essential part of the everyday lives of the rural populace.

# Current Operational Challenges of Indian Post Payment Banks

1. Low digital and financial literacy.
2. RBI severe restrictions.
3. Disincentive service charges.
4. Cut throat competitions with other private companies.
5. Electricity and 24X7 internet services in rural areas.
6. Lack of staff training.

# Floating Financial Literacy Camps

India, being a big & growing economy, is still finding it quite challenging to spread financial literacy through the demography. An enormous share of population still resides in rural areas. IPPB, hereby created a new legacy with the help of world’s largest postal network to extend its reach to the last mile and bridge financial inclusion gaps.

In a pursuit to carry the GoI mandate, IPPB started Financial Inclusion journey to resurgent India where reach and communication always has remained a barrier. Right from the

beginning, Postmen/ Gramin Dak Sevaks have been reaching out to the masses in every corner of the country, mostly offering digital banking services at their doorsteps.

 **Financial Empowerment**
 This objective is met by-

1. Accumulating small savings for a better future.
2. Securing the unsecured.
3. Providing financial freedom.

In this expedition of change and renovation, IPPB is contributing its technological expertise in helping to modernize products & processes of DoP in line with best banking practices. Likewise, DoP is continuously extending the support of its immense and matchless distribution network in making a united one-stop platform for the delivering various Government – to – Citizen Services that has the possibility to radically alter the inclusive banking experience for our current and prospective customers.

Indian Post Payment Bank reported healthy chronological progress across all the parameters as the operating conditions improved. More significantly, even during these Annual Report 2021-22 had difficult times and, regularly, emotionally exhausting instances, the Bank’s employees never faltered from their focus on supporting its customers.

Indian Post Payment Bank keeps to continue to its focus on bringing every Indian under the fold of conventional digital banking services with both doorstep and self-service choices to serve the broad range of aspirations of almost 1.4 billion Indians today.

**References-**

1. Scher J Mark, 2001, "Postal Savings and the provision of Financial Services: Policy Issues and Asian Experiences in the use of the postal Infrastructure for Savings Mobilization", DESA Discussion Paper No 22, UN, 2001.
2. Rillo and Miyamoto, 2016, “Innovating Financial Inclusion: Postal Savings System Revisited”, ADBI Policy Brief No August 2016-3, ADBI, Japan.
3. Andorta and Manhas, (2017), "Emerging Role of Indian Post in Financial Inclusion and Socio-Economic Empowerment", Prestige International Journal of Management & ITSanchayan, Vol. 6(1), 2017, pp. 1-19
4. Das, S.K. (2011), “An Empirical Analysis on Preferred Investment Avenues among Rural and Semi-Urban Households”. Journal of Frontline Research in Arts and Science Vol. 01, pp. 26-36.
 5. Chaubey, D.S. (2009), “Investment Pattern: A Psychographic Study of Investors of Garhwal Region of Uttarakhand”, RVIM Journal of Management Research, Rashtreeya Sikshana Samithi Trust, R.V. Institute of Management, Bangalore, Vol. 1, No. 1, Jan-June 2009, pp. 36.