



## Prime Minister Launched India Post Payments Bank

- The Prime Minister launched India Post Payments Bank (IPPB) on September 1, 2018.
- The government has a target to link all 1.55 lakh post office branches with IPPB services by end of this year.
- The **IPPB app** was also launched and it will enable customers to pay for services like phone recharges and bill, electricity bill, DTH service, college fees etc that are present on Bharat Bill Payments System of National Payments Corporation of India.
- With IPPB in place, people in the rural area will be able to avail digital banking and financial services, including money transfer, to any bank account either with help of mobile app or by visiting a post office.

### About India Post Payment Bank

- IPPB has been incorporated as a public limited company with 100% government holding under the Department of Posts. This would be the first PSU under the Department of Posts.

### Services offered by IPPB

- As mandated by the RBI, the India Post Payments Bank (IPPB) will focus on providing basic financial services such as:
  - All kinds of payments including utility bill payments.
  - Social security payments like NREGA wages, direct benefit transfer.
  - Person to person remittances (both domestic and cross-border).
  - Current and savings account up to a balance of Rs 1 lakh.
  - Access to third-party services insurance, mutual funds, pension products.
  - Acting as a business correspondent to other banks for credit products especially in rural areas and among the underserved segments of the society.
- More than 3 lakh Postman and Grameen Dak Sevak will act as Mobile bankers and provide the facility of "*banking at your doorstep- Aapka Bank Aapke Dwar*".
- The doorstep banking will be chargeable at Rs. 15-35 per transaction and maximum banking limit of Rs. 10,000.
- India Post Payments Bank will offer three types of savings accounts—regular, digital and basic—at an interest rate of 4% per annum.
- They can issue debit cards and ATM cards, usable on ATM networks of all banks, but they cannot issue credit cards and cannot loan money.

### Benefits of IPPB

- Financial Inclusion
  - Financial Inclusion is critical for the socio-economic development of the country, considering the vast network of post offices throughout the nation, IPPB can act as a catalyst for social and financial inclusion.
- Accessibility

- Department of Post's wide network, resources and reach, enables it to be a provider of low-cost, quality financial services to customers all over the country.
- Rural Banking
  - IPPB will fill the gaps in financial inclusion in the remotest areas of the country.
- Ease of Banking
  - Given their long experience with various investment and monthly income schemes, providing deposit facility with ATM/debit cards would be simply an extension of their current services.
  - It will also not have to gain the trust of customers like its competitors, especially in the rural areas, as the local postman is still an integral part of the day-to-day lives of the rural populace.
- Diversifying Postal Department Services
  - It will give India post a new life as in today's digital era, telegrams and postcards are no longer used and new business ventures are needed to sustain.
- Delivery of Government Services
  - IPPB will enable the government to deliver the benefits of schemes such as Pradhan Mantri Fasal Bima Yojana, better penetration of schemes like Sukanya Samridhi Yojna.
  - Banking through IPPB would give a boost to Government's initiatives like promoting digital transactions and Direct Benefits Transfer (DBT)
- Employment Generation
  - IPPB will generate employment opportunity for more than 3500 banking professional, who will be engaged in propagating financial literacy across the country.

### **Payment Bank**

- A committee headed by Dr. Nachiket Mor recommended setting up of 'Payments Bank' to cater to the lower income groups and small businesses.
- A payments bank is a differentiated bank, offering a limited range of products.
- It can accept demand deposits only that is savings and current accounts, not time deposits.
- Payment banks are restricted to holding a maximum balance of Rs. 100,000(Rupees one lakh only) per individual customer.
- Payment Banks cannot accept Non-Resident Indian (NRI) deposits.
- The Payment Banks cannot set up subsidiaries to undertake non-banking financial services activities.

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