India Post Payments Bank

Firm Intent towards Transformative Reforms

Delivering Banking Service At Doorstep

India Post Payments Bank is going to bring about a massive change in the economic and social system of the country. Our government has earlier linked millions and millions of poor families to the banks through Jan-Dhan accounts. And today we are starting the task of taking the banks to the doorsteps of villages and poor through this initiative. 'Your Bank at Your Doorstep', this is not just a slogan. It is our commitment, it is our dream."

Prime Minister - Shri Narendra Modi

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Introduction

India Post Payments Bank (IPPB) is an accessible, affordable and reliable bank for the common man. With help of just an Aadhaar Card any person in a village can avail banking facilities provided by IPPB by requesting for the same from the local Postman/Gramin Dak Sevak. IPPB services are available across 1,36,000 post offices in the country, of which more than 1,20,000 post offices are in rural areas. This is two and a half times the number of bank branches in rural areas More than 3 lakh postmen and Gramin Dak Sevaks are providing doorstep banking facilities from IPPB to the people at their doorstep through mobile phones and biometric devices. Prime Minister Modi had emphasised during the launch function of the bank that now a customer just by sending a message to Postman can avail banking facilities at the doorstep without any minimum limit of transaction amount. [PM Shri Narendra Modi was the first to open his account by sending a message from phone.]

India Post is the largest postal network in the world. It has been providing financial services through small savings schemes, money orders and postal insurance for more than a hundred years. However, prior to IPPB, it was not part of the banking system and was not equipped to provide all banking services. India Post Payments Bank (IPPB) was started to provide comprehensive banking services including digital financial services (via Internet and Mobile Banking) to all Indians.

India Post Payments Bank (IPPB) was launched under the Department of Posts, Ministry of Communications, Government of India. Its 100 percent ownership is with the Government of India. Hon'ble Prime Minister shri Narendra Modi launched IPPB on 1st September, 2018. The network of the postal department is very large and its reach extends to all corners of the country. IPPB was formed with the objective of providing accessible, affordable and reliable bank for the common man of India by leveraging the network of the Department of Posts.

Chapter 1

No Action and only Discussions for Years

For a long time it was felt that the post office has vast potential through which government services can be provided in every nook and corner of the country. Discussion went on for many years on the need to tap the reach and trust of the post office by establishing an organization having banking expertise. However, no concrete decision could be taken in this direction.

Discussions on the need for such differentiated banks gained momentum in 2013 when Reserve Bank of India brought out a paper on policy discussion on the topic 'Banking Structure in India - The Way Forward'. In this discussion a suggestion was made about the need for creation of differentiated banks in India. It was further stated that in this direction, financing of infrastructure facilities, licensing for wholesale banking and retail banking might be a desirable step. Subsequently,

the Committee on Comprehensive Financial Services for Small Businesses and Low-Income Families released its report in January 2014 from which the idea of issuing licenses for Payments Bank by the Reserve Bank of India (RBI) emerged. But in the absence of any concrete initiative and will power, no clear decision could be taken on the matter.

Chapter 2

Finance Minister's Initiatives in 2014

Hon'ble Finance Minister while presenting the above idea in the Union Budget 2014-15 on July 10, 2014 said, "RBI will create a framework for licensing small banks and other differentiated banks. Differentiated banks serving niche interests, local area banks, payment banks etc. are contemplated to meet credit and remittance needs of small businesses, unorganized sector, low income households, farmers and migrant work force."

Based on this clear policy direction, Reserve Bank of India (RBI) on November 27, 2014 issued Guidelines for Licensing of Payment Banks. Department of Posts applied for a payments bank license on January 30, 2015 and was granted an in-principle license to set up India Post Payments Bank on September 7, 2015.

Challenge of reaching every doorstep

Banks have faced challenges due to non--availability of physical branches in all parts of the country and the costs associated with opening a branch. Banking Correspondents have helped them to some extent, but they have had limited utility due to lack of digital infrastructure (like ATMs, POS machines, smartphones etc.) in rural areas and lack of trust in the banking system.

Chapter 3

Limitations of Traditional bank

- Transportation costs, time taken to get to the bank and often loss of daily wages.
- People often get scared and intimidated due to lack of knowledge regarding digital financial services and lack of awareness about the banking procedures and rules.
- Most people use cash and have no financial record and this affects their ability to access credit and generate income.
- Direct Benefit Transfer helped money to reach bank accounts, but due to the difficulty in accessing and using these accounts, this money was withdrawn only in the form of cash. Thus cash continued to be the main mode of doing business as against the government's resolve for less cash economy.

Chapter 4

Initiative of Department of Posts

Department of Posts identified these gaps. IPPB emerged as a bridge between rural and urban India and between those who have access to digital and financial services and those who are excluded. IPPB brought banking facilities to the doorsteps of all Indians through trusted postmen. IPPB and the Department of Posts together provided the necessary digital infrastructure and provided postal and banking financial services in a secure environment to all Indian households at the doorstep.

Thus, IPPB added formal banking services to the fold of financial services being provided through post offices. Department of Posts leveraged this platform to provide financial banking service at home to every citizen across the country with the help of world's largest post office network and large number of postmen acting as Doorstep Banking Service Providers.

Facilities offered by IPPB

- Doorstep Delivery of banking services to every household through postmen and rural post offices.
- Providing banking services in assisted mode through postmen and Grameen Dak Sevaks to help those who have no experience in digital banking.

Devusinh Chauhan
@devusinh

Inaugurated 'Fincluvation' along with Hon'ble Union Minister Shri @AshwiniVaishnaw ji.

Fincluvation is an initiative organised by the Department of Post and India Post Payment Bank to capture the true essence of 'Aapka Bank Aapke Dwaar for the common man.

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DoT India and 2 others

1:41 PM · Apr 21, 2022 · Twitter for iPhone

← **Thread**

Devusinh Chauhan
@devusinh

Fincluvation brings together India's finest FinTech Startups, with the aim to collaborate and build solutions to offer India's common man, the most Accessible, Affordable, Secured and Trusted bank at their doorstep!

(2/2)

1:41 PM · Apr 21, 2022 · Twitter for iPhone

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Through e-KYC based paperless system, the most vulnerable and illiterate people can also take advantage of the banking system just by using biometrics and Aadhaar. They can open accounts, do transactions and make payments through Biometrics and Aadhaar. They can get the DBT in their accounts and get the DBT money withdrawn in cash at the doorstep.

Since the introduction of IPPB, rural banking infrastructure has increased by about 2.5 times. All banks are now at the doorstep of every household. Postmen and other postal workers have been trained and upskilled by imparting more than 1 Crore manhours of training in delivering banking services. Together they have been provided with more than 3 lakh micro ATMs and biometric devices, thereby creating the largest single banking platform in the country.

Chapter 6

Services Rolled out within two years

- Several financial, payment and citizen centric services have been launched during the last two years, such as - Aadhaar Enabled Payment Service, Doorstep Delivery of DBT, Doorstep Generation of Digital Life Certificate (Jeevan Pramaan Certificate), DakPay UPI App, Domestic Money Transfer etc.
- Doorstep Updation of Aadhaar and Child Enrolment services are going to be launched soon.
- Service of Doorstep generation of Digital Life Certificates was launched 9 months ago and more than 4.69 lakh Jeevan Pramaan certificates have been issued at the doorsteps of the people.

Chapter 7

Expanding Scope of Services of India Post Payments Bank (IPPB)

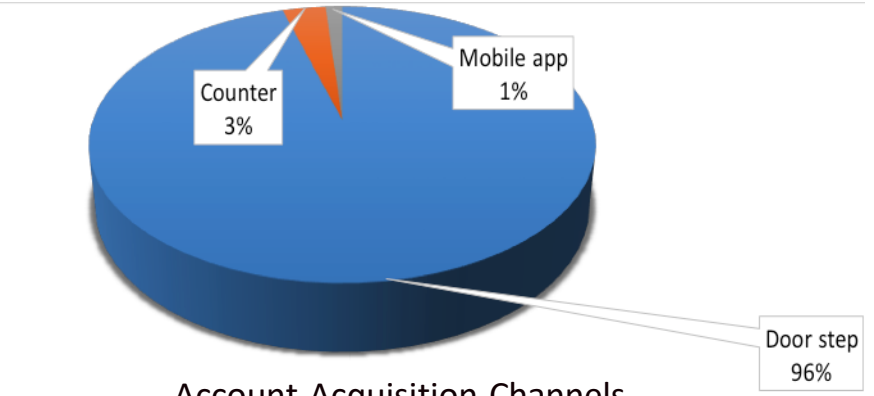
India Post Payments Bank is not just a bank, but it is the biggest initiative in the country to achieve the goal of financial inclusion."

- Prime Minister Shri Narendra Modi

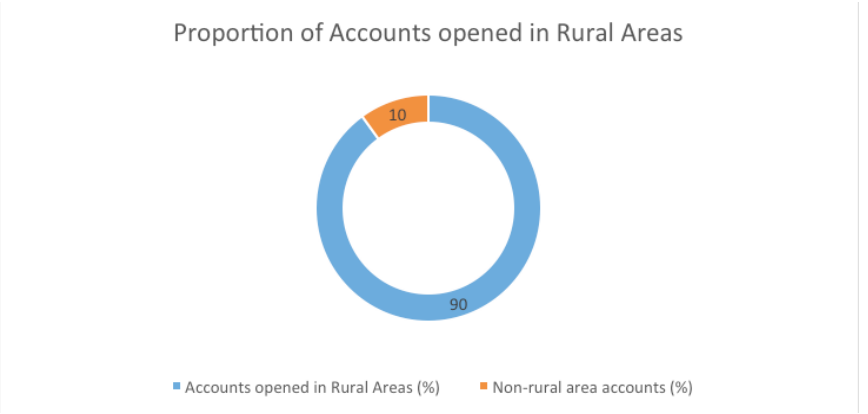
- 1.47 Lakh Doorstep Banking Service Providers - who are providing door-to-door banking services.

- 1.36 lakh post offices - 1.20 lakh post offices in rural areas.
- 5.18 Crore IPPB bank accounts opened in Digital and Paperless mode - 90% of the customers are from rural India.
- Every second bank account in IPPB is held by women and 95% of these accounts are active. Accounts of 98% women have been opened at Doorstep.
- More than 68% of Women account get DBT benefit.
- Customer deposits balance of more than Rs 3691 crore.
- More than 92.32 crores financial transactions involving Rs 1,73,335 crores.
- 90% of IPPB customers are transacting on assisted mode through Postman and Gramin Dak Sevak who are equipped with smartphones and biometric devices and are providing simplified banking services to remote areas.
- More than 5.58 crore DBT Disbursement transactions worth Rs 6,081 crore.

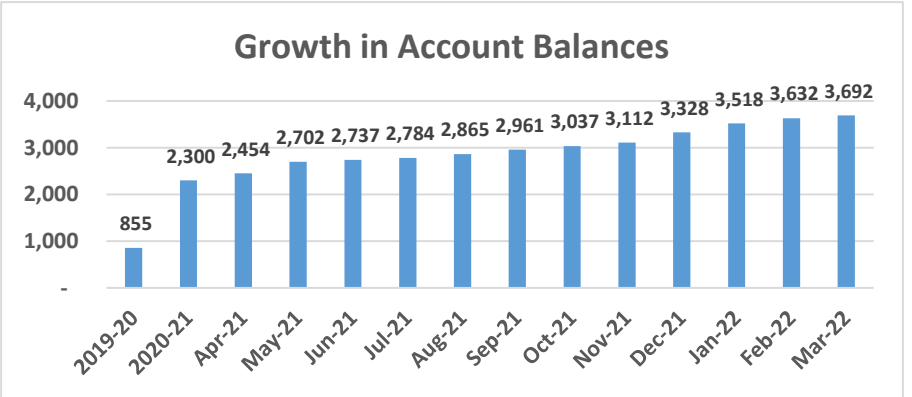
- More than 3.06 crore Child Enrolment Lite Client (CELC) Transactions have done.
- More than Rs 20,939 crore disbursed to "customers of other banks" through over 7.53 crore Aadhaar Enabled Payment Service (AEPS) transactions.
- More than Rs 15,317 crore delivered at door steps of customers in hotspots and migrant camps during the COVID-19 lockdown, reducing their need to step out of their homes thus containing the spread of the virus COVID-19.
- Consumers of the Department of Posts (India Post) and India Post Payments Bank (IPPB) can now transact banking services through the 'DakPay' App. DakPay offers digital financial and banking services, provided through the postal network by India Post and IPPB across the country. So far, more than 99.78 lakh IPPB mobile apps have been downloaded.
- IPPB offers the facility to open Zero Balance Savings Account.



Account Acquisition Channels



Proportion of IPPB accounts opened in Rural Areas



Account Balances

Chapter 8

Transformational Changes

This initiative has effectively brought all the banking and financial services at the doorsteps of all citizens. This initiative has played a major role in capacity building of post offices. Apart from this, now more than 1.47 lakh postmen and dak sevaks are enabled as Doorstep banking service providers.

A daily wage labourer who earlier had to give up a day's wages to withdraw MGNREGS payments or other direct benefit transfers, no longer needs to go to the bank. He can withdraw cash at his workplace or at his home.

A recent study on payment of MGNREGS wages revealed that "post office users seem to be most satisfied with the quality of these services." The report further states that "the average cost of going to the post office to get your wages is the lowest at Rs 6, as compared to Rs 31 for going to the bank, Rs 11 for CSC/BC and Rs. 67 rupees for going to the ATM."

Chapter 9

Way Forward

It is anticipated that this initiative will help boost the Government of India's objective of digital financial inclusion in remote areas and building a less cash economy. For this, emphasis will be laid on creation of merchant ecosystem by enabling village grocery stores/merchants (unorganized retail) to accept digital payments through QR codes.

- Department of Posts has come up with a comprehensive concept of 'Mission DISHA' which aims to transform rural post offices into focal centres of financial activities in a village. Partnerships with various entities are being explored, through which the financial transactions across a value chain can be digitized at the district level.

The Indian Postal Department has 1.5 lakh post offices. More than three lakh postmen are associated with the people of the country. By connecting such a vast network with technology, we have taken the lead to create the most powerful system of service in the 21st century; Now the postman has a smartphone in his hand and a digital device in his bag. IPPB will also prove to be a great facility for the farmers. Schemes like Prime Minister's crop insurance will get special emphasis from this, after the post payment bank, now the claim amount of the schemes will also be available sitting at home. We will also give impetus to the campaign to save money in the name of daughters under Sukanya Samriddhi Yojana.

- Prime Minister Shri Narendra Modi

(at Launch of IPPB, on 01 September, 2018)

Food packets were distributed to 1000 needy people residing in slum areas by the Postal Store of Chandigarh Division, Punjab Circle in collaboration with Food Supply Department, Chandigarh.

Women's Post Office, Puthur, Tamil Nadu

Payment under Aadhaar enabled service to sailors during covid – Manjha Kalan village, Ayodhya, Uttar Pradesh

Payment at Doorsteps

Ministry of Information and Broadcasting
Government of India