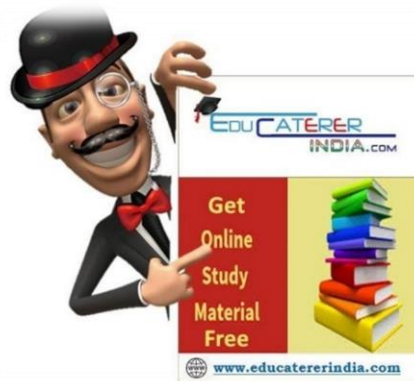


UNIT 12 - India Post Payments Bank (IPPB) as an effective vehicle of Financial Inclusion



Introduction

India Post Payments Bank (IPPB) was incorporated on 17th August 2016 under the companies Act, 2013. IPPB is expected to speed up the financial inclusion in India especially in the rural areas with its extensive network of branches.

What are Payment Banks?

- Payment banks are specialized banks to receive deposits up to 1 lac
- They can issue Debit or ATM cards
- They cannot issue Credit cards
- They cannot lend money

Regulatory Body

- RBI is the authority to license payment banks
- RBI approved 11 companies in the initial phase
- IPPB is one of the payment banks approved by RBI
- IPPB works under the Department of Posts

Purpose of IPPB

- Aims to become the top most vehicle of financial inclusion in India

- IPPB is expected to bring nearly 40 percent of the Indian population that is outside the ambit of the formal banking sector
- Propagate financial literacy across the country
- Encourage people to move to a less cash economy
- The main goal of IPPB is to become the world's most accessible bank equipped with modern banking technology

Facts about IPPB

- IPPB was proposed to be launched in Budget session of 2015
- IPPB becomes the first Public Sector Undertaking (PSU) under the Department of Posts with 100 percent Union government equity
- IPPB becomes the fastest rollout for a bank anywhere in the world
- IPPB will become the world's largest bank in terms of time and accessibility
- Initially, service will be available through 650 payment bank branches linked with the post offices
- Gradually services will be extended to 1.55 lac post offices across the country having physical presence
- IPPB will use alternate channels of modern technology including ATMs, Mobiles, POS devices etc
- Department of Posts is expected to roll out the IPPB all over the country by September 2017

IPPB Services

- IPPB provides demand deposits up to 1 lac through savings and current accounts
- Remittances and payments are enabled in a digital manner
- IPPB provide access to Mutual funds, insurance, forex, credit products and other third party financial services by establishing partnerships
- People can pay educational institutions fee, utilities bill etc. through IPPB
- IPPB will offer internet services, mobile banking services, debit cards, mobile wallets, ATMs and POS devices etc.

IPPB Features

- Develop a savings habit among people by increasing financial literacy
- Beneficiaries will receive MGNREGA wages, social security pensions and other government welfare measures directly to their bank accounts following the already successful DBT model through IPPB

- IPPB extends financial inclusion rapidly
- Post men are empowered to widen the accessibility of IPPB across the country
- The postal delivery system is the most reliable network in India
- IPPB will enjoy the trust of India post developed over the years

Benefits

- Easy access for customers
- Customers can get the leverage of postal network
- Wider reach especially in the rural and remote areas
- Direct transfer of subsidies to the actual beneficiaries in their bank account through IPPB services of financial inclusion
- Transparency in governance will improve
- Corruption will be reduced
- The intermediaries will be cut
- Low cost
- Availability of quality financial services across the country

Data Security is a major area of concern. IPPB is launched with huge expectations to develop India as a whole and hope it lives up to the expectations. This is yet another big step of the Government of India towards financial inclusion with the aid of RBI and Department of Posts.