

PAYMENT BANK IN INDIA: THE PROCESS OF PROVIDING FINANCIAL FACILITIES

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ABSTRACT

Payment bank in India, is the process of providing of financial facilities through financial institution especially in the rural to the householder, small businesses, workforces (labors), and to another small sectors. The bank allow each individuals to deposit to their account just one hundred thousand (Rs.100000) per each not more than that, financial institution and payment bank issues ATM and debit cards for the customer and they don't have the authority to issue credit cards and give loans to the customers, if someone wants lends he/ she should go for the others financial institutions according to the policy of Reserve Bank of India (RBI), the aim of payment bank is to saving the small account and payment system services to the refugees and help the low income people of India. It is something new in India, in September 2013 formatted by Reserve Bank of India (RBI) and the RBI give license to the small institutions and banks for better services.

Keywords: *ATM Cards, Debit Cards, Low Income Labors, Refugees Payment Services*

INTRODUCTION

Bank payment is something new in India, and it is connected to another bank, it has the smaller rule, payment bank provides ATM, Debit card, internet banking, and for third party transfer. Payment bank is not providing loan to customers, it just provides interest for depositor and account holder, everyone can deposit to their account up to one 1 hundred thousand (Rs.100000) not more than that. In September 2013, this idea came by Nachiket Morin. The committee recommended that the payment bank should provide some interest to customer, those which deposit their money in payment bank. The draft of payment bank planned by Reserve Bank of India, payment bank authorized by RBI on 23rd September 2013, on 17th July 2014 this draft issued and the final released on November 2014, it was for to invites people and public for those which are interested, on February 2014 the RBI (Reserve Bank of India) provides license to the 11th small financial institution and banks, and later they give license to the few others financial institutions as well, under section 22 and Act 1949, the reserve bank of Indian received 72 applications as well and the process required more than 8 months for to complete all the requirements and then issue the licenses. Those 11th payment banks and financial institutions which given the license are the following:

1. Airtel Payment Bank
2. Post payment Bank
3. Paytm Payment Bank
4. Airtel M- Commerce services Limited
5. FINO Payment Bank
6. National Securities Suppository Limited
7. Reliance Industries Limited
8. Sun Pharma Promoter
9. Cholamandlam Distribution Limited
10. Tech Mahindra
11. Vodafone M-Pesa

Among these payment banks and financial institutions, they canceled the license some of them like.

- 1- Cholamandlam Distribution Limited
- 2- Sun Pharma Promoter
- 3- Tech Mahindra

One of the biggest advantage of private sector is to provide better services, that is why Reserve Bank of India formatted payment bank to satisfy the customers, if compare the payment bank with traditional bank, the payment bank is more success and provide more and better services to the customers and small business, workforce labors, and low income people satisfy from operating of payment bank that is why the demand of customers day-by-day increasing

for that is the reason currently some others financial institutions taken the license for operating like:

1- Airtel Payment Bank

2- Paytm Payment Bank

Currently low-income people using payment bank and they satisfied with it, and with their small amount they getting big profit and they seem happy with the operation and activities of payment bank that is why the users of payment bank getting increase.

DISCUSSION

Nowadays banks using online method for most of their transaction, especially in e-commerce and e-business, these methods are happening by e-cash payment, debit card payment, ATM payment, e-wallet payment, prepaid payment, bank transfer, direct carries payment, crypto currencies, pay pal payment and Google payment. These payments take place by through internet and bank to bank, customer to bank, bank to customer and customer to customer because it is so easy, fast and save and the customer able to deposit their money and withdraw their money, purchase and transfer from anywhere or any time and any person without wasting their time and save the time as well (Kenton, 2019).

Objectives

There are many objectives of payment bank, but the main objective of the payment bank is the following...

- Increasing the financial inclusion through services
- Offering small accounts saving
- Payment of fees services that which is allowing low income household
- Small business (targeting small business which invested less than 1 lac)
- Workforce labors (low income of labors)
- Small income of rural and village's people
- Some others unorganized sectors or some sector which has the similar activities

The objectives of the payment bank in India established specially to target those people which have low income for to support small business to do the exchange of transaction easy and fast through internet and save their time. The small business and low incomes people was difficult to carry some amounts by cash from one place to other place there were many risk of losses, damages and stolen, that is why RBI made an easy way to increasing of money and saving of money, the goal of payment bank is that how to

increasing the financial position, save the public money and pay some interest rates to those which has account and it help low income people and small business in their daily activities (Pahwa, 2017).

Need of payment bank:

As we know each question starting with “why” and now there is a question that why do we need payment bank?

The best answer for this question is to remove black money and change the cashless system to the digital system, in other side in India 940 million people using mobile which its makes about 75% population of India, and most of them are villager or rural people and if wants to protect their money from black, robbery, destroy of fiscal money, increasing the financial position and want to bring some easy way for purchasing, withdrawing, transferring, and depositing their money they need proper and save digital system like payment bank in India which was established on 17th July 2014 by RBI (Reserve Bank of India) and on February 2014 the RBI (Reserve Bank of India) provides license to the 11th small financial institution and banks, and later they give license to the few others financial institutions as well, under section 22 and Act 1949. Nowadays small business, low income labors and householder they are happy with payment bank because their money are saved and they also getting some good interest rate for their deposit, and payment bank offering some other facilities as well like cash back to customers, payment bank is one of the successful financial institution in India (Ghosh & Ranade, 2020).

Advantages

Payment bank in 2014 brought a big opportunity and advantage to the people of India, it made easier the process of purchasing, transferring, withdrawing, saving and increasing the financial position (Jain, 2017). Customers of payment bank can take many advantages and benefits, for example...

- Higher interest rate
- Cash back benefits
- Provides account number as the same of your mobile number
- Discount offering
- Save your money
- Zero balance account (means if in your account is no balance there is no charges)

- Convenience benefits (means use of telecommunication)
- 24 hours available services
- Low charges of transactions
- Can transacting and deposit from anywhere and anytime

Payment bank is not like commercial bank that the customers just can deposit and withdrawal their money on a specific time but the people which has account in payment bank they can deposit, withdrawal and transfer anytime and from anywhere to anyone which has account. That is why payment bank got success in India and the customers of payment bank increasing day-by-day (Talwar, 2016).

How does payment bank works?

Payment bank in India is a new idea which is exist in 2014, and payment bank is not like commercial bank, because commercial bank provides all the services to their customers and the deposit is not limited while the payment bank just provides ATM cards, Debit cards and not gives any loan to the customers and the deposit of payment bank is limited up to 1 lac Rs. But payment bank registered under RBI (reserve bank of India) means under public limited bank, under section 22 and Act 1949 and payment bank doing the following activities or operations....

- Accepting deposit up to 1 lakh
- Paying interest 4% up to 7% for your deposit
- Mobile payment enables
- Offering of remittance services
- Transferring of fund
- Issue of debit cards
- Issue of ATM cards
- Issue of forex cards
- E-banking services
- Selling of insurance and funds to the third party for financial protection
- 24 hours services available
- Provides services to the villages and rural
- Can't provide loan to the customers
- Can't issue credit cards as well

Payment bank is providing money by deposit and gives or transferring the deposit money to the public companies or to the government banks and the public/ government banks provides higher interest rates because payment bank gives 6% interest while the

government/ other banks paying more than 6% interest rate and payment bank charging some amount for each transaction for example... if your transaction between Rs.10 Up to Rs.4000 The customers should pay Rs.5-25 And if your transaction or withdrawing more than Rs.4000 payment bank will charge you 0.65% for example Airtel payment bank charge per transaction 0.65% and paying the highest interest rate for saving account 7.25% which is show the best offer (Ghosh & Ranade, 2020).

CONCLUSION

RBI (Reserve Bank of India) formatted the payment bank in 2013 for making easy ways for any transaction through internet for those people which have small and low income and small business, the main aim of the this idea is that how to collect the small amount which is in hand of rural and villager, small business and labor workforce, and how increase the financial inclusion, first their money will be save and from other side the bank do business on their money and pay some interest to the account holder and also use the electronic system in their banking, payment bank is helping workforce labor, household, small business, and low income accounts for saving their money and just do business and dealing by e-payment and now there are many payment banks and financial institutions they got license and operate in India, because of their good services the customers are satisfy and happy.

Payment bank is the bank and financial institution which is working in India and its draft formatted by RBI in 2013. 2014 the RBI (Reserve Bank of India) provides license to the 11th small financial institution and banks, like... Airtel payment bank, post payment bank, Paytm payment bank, Airtel M-commerce services limited, FINO payment bank, National securities limited, Reliance industries limited, Sun pharma promoter, Cholamandlam distribution limited, Tech Mahindra, and Vodafone M-pesa and later they give license to the few others financial institutions as well, under section 22 and Act 1949, the reserve bank of Indian received 72 applications as well and the process required more than 8 months. It specially made for those which have low income and small business. payment bank just provides ATM card, Debit card and it is not provides loan and credit card for its customers, payment bank allow account holder to deposit the amount to their account up to 1 lakh not more than that, payment bank is working on base of internet (e-banking) that is why the customers can transfer, purchasing, deposit, and withdraw money from

anywhere and anytime. The main goal of payment bank is how to save the money and how to increase the financial position and also pay some interest for these small amount to the customers as well.

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