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Government of India
Ministry of Communications
Department of Posts
(PBI division)

Dated: 15/11/2017

Subject: Brief Note on India Post Payments Bank (IPPB)

Please find enclosed a brief note on India Post Payments Bank for your information.

2. It is requested to provide your comments/views if any, by 20.11.2017

Encl: A/A


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Department of Posts India Post Payments Bank

Subject: Brief Note on India Post Payments Bank (IPPB)

Hon'ble Prime Minister of India Shri Narendra Modi in his speech from Red Fort on the occasion of the 70th Independence Day celebration had mentioned that:

"The postman is the only representative of the Government who is truly connected with the common man. With India Post Payment Bank:

- *people will get better access to banking*
- *the common man can easily draw on direct benefits transfer when needed using Aadhaar-based payments"*

1. Introduction:

1.1 Financial Inclusion of adult population is a national objective. During the Budget Speech 2015-16, the Hon'ble Finance Minister announced setting up of a Payments Bank by Department of Posts to promote financial inclusion and increase access of the people to the formal financial system. Accordingly, Department of Posts had applied for license to RBI as per its guidelines in January 2015 and was granted In-Principle approval by RBI on 07/09/2015 with a pre-condition to complete all codal formalities and apply for license within 18 months from the date of issue of In-Principle approval i.e. by March 2017.

1.2 IPPB will set up 650 branches co-located at district headquarter post offices. All post offices in a district will be linked to the respective IPPB branch. Below the district level there would be a complete integration with the post offices so that each post office functions both as DoP outlet and as an access point for the Payments Bank. After complete roll-out, approximately, 1.55 lac post offices will

become the physical access points for the IPPB. The IPPB will have a hi-tech headquarter directly connected to the district level branches.

2. Background:

- 2.1 Department of Posts had received Cabinet approval on 01/06/2016 for Setting up of India Post Payments Bank (IPPB) (**Annexure-I**). Department of Posts had applied for license to RBI as per its guidelines in January 2015 and was granted In-Principle approval by RBI on 07/09/2015 with a pre-condition to complete all codal formalities and apply for license within 18 months from the date of issue of In-Principle approval i.e. by March 2017. The IPPB has been incorporated as a public limited company under the Companies Act, 2013 on 17/08/2016 with 100% Govt. of India equity (**Annexure -II**).
- 2.2 The Corporate structure is that India Post Payments Bank has been incorporated as a Public Limited Company with 100% Government of India (GOI) equity on 17.08.2016, under Department of Posts, Ministry of Communications. The Board of India Post Payments Bank will constitute 1 Part time Non-Executive Chairman, 3 Government Nominee Directors, Managing Director and Chief Executive Officer (MD &CEO) of the bank and 6 Independent Directors.
- 2.3 A license authorizing the bank to carry on Payments Bank business has been obtained from the Reserve Bank of India in terms of Section 22 of the Banking Regulation Act, 1949 on 20/01/2017(**Annexure-III**).
- 2.4 The India Post Payments Bank (IPPB) has launched its two pilot branches in Raipur (Chhattisgarh) and Ranchi (Jharkhand) with additional 6 access points on 30/01/2017 with basic products and banking services in partnership with Punjab National Bank (PNB).

3. Vision of the Project:

- 3.1 Building the most accessible, affordable and trusted bank for the common man
- 3.2 Spearheading the financial inclusion agenda by removing the barriers for the unbanked and reducing the opportunity cost for the under-banked populace.
- 3.3 Promote cashless transactions , offer technology based operations

4. Scope of the Project:

- 4.1 The IPPB will be uniquely placed to remove barriers to accessing basic financial services for millions of Indians who are still outside the ambit of formal banking. The post offices and its delivery personnel, agents, Panchayat Sanchar Seva Kendras (PSSK), franchisees and Automated teller Machines (ATMs) of the DoP would act as the customer access points for the IPPB.
- 4.2 The IPPB may supplement this network with its Branches, ATMs, Point of Sale (PoS) agents, merchant establishments, to create the largest connected financial services provider in the world in terms of reach and physical points of presence.
- 4.3 Payments Banks will provide basic banking services such as acceptance of demand deposits, current and savings accounts up to a balance of Rs 1 Lac, various kinds of payments; including social security payments like DBT payments, person to person remittances (both domestic and cross-border).

5. Current Status of India Post Payments Bank (IPPB):

- i. IPPB has been incorporated with the Registrar of Companies as a Public Limited Company under the Department of Posts with 100% GOI equity on 17th August, 2016.

- ii. A license authorizing the bank to carry on Payments Bank business has been obtained from the Reserve Bank of India in terms of Section 22 of the Banking Regulation Act, 1949 on 20/01/2017.
- iii. The India Post Payments Bank (IPPB) has launched its two branches in Raipur (Chhattisgarh) and Ranchi (Jharkhand) with additional 6 access points on 30/01/2017 with basic products and banking services in partnership with Punjab National Bank (PNB).
- iv. IPPB senior management is functional since March 2017. Approximately 70 Corporate office employees have been on-boarded and recruitment for remaining corporate positions is under process. Recruitment of junior level officers is in final stage.
- v. M/s EIT Services India Private Limited earlier called M/s Hewlett Packard Global Soft (HPGS) has been engaged as System Integrator (SI) for setting up of IPPB on 14/08/2017. The work for development of technology platform is under way.
- vi. Preparatory works for rollout of 650 branches such as branch readiness and training of staffs of DoP etc. are under process. Rollout of 650 branches is expected to be completed by end of March/ early April 2018.
