



Innovations in Financial Inclusion: AAPKA BANK AAPKE DWAR

Department of Posts (DoP), world's largest postal network, has been at the forefront of financial inclusion by delivering financial solutions to the whole country through the post office savings bank, money orders and postal life insurance.

Formal banking network has faced challenges in trying to expand to the last mile because of lack of scale and costs associated with providing brick and mortar physical presence at the last mile. Interventions like 'Banking Correspondents' have had limited success in enabling digital financial inclusion in rural areas because of lack of trust and other issues. The rural people have difficulties in accessing banking services; possess low levels of digital & financial literacy and little awareness of banking processes and procedures.



Department of Posts attempted to bridge this gap by providing last mile accessibility of banking services through the vehicle of India Post Payments Bank (IPPB) launched on 1st Sept, 2018. The objective is spreading financial inclusion to the length and breadth of the country and bringing to every citizen modern digital financial solutions at their doorstep through the friendly neighbourhood Post Office. IPPB has added formal banking services to the portfolio of financial services being provided through post offices.

Innovative financial products and solutions have been taken to the doorstep of every citizen through the world's largest network of post offices and postmen. Assisted services are provided to those with no banking experience to transition from cash to digital banking.

Under-banked and unbanked locations across the nation (including the urban poor, having difficulty to reach the formal banking system) are the primary target segment.



Financial Solutions and products offered, lie at the confluence of biometric authentication, infrastructural development and extensive mobile connectivity.

Three key features of the IPPB that have helped in bringing Financial Inclusion are as follows:

a) **Doorstep Banking:** Leveraging the unparalleled reach of more than 1.36 lakhs Post Offices and more than 3.0 lakh Postmen/GDS demand driven doorstep banking service has been introduced by DoP through Interoperable Banking platform provided by IPPB thus enabling banking at the doorstep of every citizen, even in the remotest corners of the country. Doorstep banking services have brought down the transactional costs of receiving DBT benefits which are transferred directly to beneficiary's bank accounts.

This has had a multiplier impact on the rural banking infrastructure, increasing it by almost 2.5 times. The last mile operating model is built on the key pillars of India Stack enabling paperless, cashless and presence-less banking through a core banking solution-integrated smartphone and biometric device.

b) **Assisted Banking:** Postmen & Gram Dak Sevak (GDS) have been enabled to offer Digital Payment Solutions

such as Unified Payments Interface (UPI) and Bharat Bill Payment System (BBPS) in assisted mode. Through assisted banking, ubiquitous postman has removed the entry barriers for a large part of the population including those without access to services like UPI, e-bill payments, delivery of insurance products and cash withdrawal including DBT disbursements from any bank.

c) **DoP through the IPPB platform has leveraged simple technological solutions** such as e-KYC based Paperless Banking, QR Card and Biometric authentication based banking so that even the very vulnerable and illiterate can take advantage of the banking system by using biometrics and Aadhaar to open accounts, transact and make payments with assistance, get DBT into accounts and get it delivered at their doorstep in cash. QR card provided to customers contains the customer account number embedded, both as QR code and a bar code. Targeted customers unfamiliar with modern banking no longer need to remember account number or PINs. The QR code on the card can be read by the App in the Smartphones of postmen/merchants, the bar code can be read by the bar code scanners at the post office counters.



disruptions were caused by COVID-19 pandemic. People were required to stay at home and post offices through postmen literally brought bank at their doorstep by providing them cash withdrawals at their home irrespective of the bank in which the account was maintained through the Aadhar enabled payment system (AePS) platform.

Some other salient features of IPPB are given below:-

- 90% of customers acquired in rural India,
- 95% of women's accounts are active
- 98% of women's accounts are opened @ Doorstep
- 68% of Incoming DBT is coming in women's accounts
- Customer deposits more than Rs. 1555 Crore
- More than 14.82 Crore Financial Transactions worth Rs 39,595 Cr.
- 80% transactions are happening on Assisted mode
- 90% of IPPB customers are transacting on assisted mode
- More than 1.5 Crore DBT disbursement transactions worth more than Rs 1651 Crore
- More than 60 Lakhs mobile App downloads
- More than 1.5 Crore assisted bill payment transaction worth more than Rs 285 Crores
- More than Rs 5811 Crores disbursed at the doorstep to customers of other banks through more than 2.65 AePS transactions
- During CoVID-19 induced lockdown more than Rs 4950 Crores disbursed at Hotspots and migrant camps

Over 136,000 Post Offices and more than three Lakh trained postman/Gram Dak Sewaks were trained through more than 1 Crore man hours of training and certified as Banking Service Providers to provide a full suite of banking services at customer's doorstep.

As a part of capacity building the post offices and doorstep banking service providers were equipped with more than 3 Lakh micro ATMs and biometric devices creating the single largest banking platform in the country.

Scalable core banking integrated platform with 4 online real-time core banking integrated delivery channels viz. counter/desktop, agent app, mobile banking app and merchant app was made live. In-house implementation of the initiative in a short period of 18 months was done utilizing the resources and project management expertise available within the Department at a cost of Rs 1435 Crores over a period of 4 years.

The key outcomes of the Initiative are summarised below:-

- i. More than 3.65 crore bank accounts opened, half of them by Women;
- ii. Digital literacy provided through banking services providers (9000 camps targeting 4.5 Lakh people organised);
- iii. Merchant ecosystem, rural supply and value chains digitized;
- iv. National financial infrastructure setting up for providing interoperable banking services at the last mile including all financial services such as small savings including those offered by post office, microfinance distribution, mutual funds, digital gold and insurance etc.
- v. Provision of various government services riding on the platform created such as DBT disbursements and various upcoming services such as Aadhar enrolment etc.
- vi. A universal and interoperable digital financial infrastructure created by the DoP network has proven its resiliency during recent times when severe

