



India Post Payment Bank – An Empirical study on Adoption and Challenges among Customers in Tirupur City

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Abstract: India Post Payment Bank (IPPB) is a government-backed financial institution aiming to provide inclusive banking services. This empirical study investigates the adoption and challenges faced by customers in Tirupur City, analyzing factors influencing their usage of IPPB and identifying potential barriers to wider adoption.

Keywords: IPPB, financial inclusion, awareness, adoption, challenges, and user-friendly services.

I. INTRODUCTION

Payment banks in India have played a significant role in bridging the gap between traditional banks and the unbanked and under banked population, particularly in rural areas. Introduced in 2014, these institutions offer a simplified product suite, lower minimum balance requirements, convenient money transfer options, and bill payment facilities, promoting financial literacy and responsible financial behaviour. They have also emerged as champions of digital literacy in rural areas, overcoming initial reluctance and embracing digital financial services. However, payment banks face limitations such as restrictive regulations, deposit caps, and concerns about profitability. Despite these challenges, payment banks have made a significant contribution to India's financial inclusion journey. Future regulatory reforms, collaborations between payment banks, traditional banks, and fintech players, and addressing their limitations can help them become catalysts for financial empowerment. The success of financial inclusion lies in ensuring the services offered are meaningful, sustainable, and empower individuals to break the cycle of poverty and build a brighter future.

STATEMENT OF THE PROBLEM

Currently in India many payment banks are emerging in the society. Some are initiated and became failure due to many reasons. Here in this study, we are finding out newly emerged payment bank by postal department called India Post Payment Bank. By check how it works out in current society and their awareness, benefits, challenges and opportunities of it competing with other payment bank in India.

SCOPE OF THE STUDY

India Post Payment Bank is the integrated payment platform of bank by government initiative aimed at financial inclusion and improving access to banking services through postal department in India. The study will investigate and provide valuable insights into the impact of India Post Payment Bank on people's reliability in Tirupur, Tamil Nadu. The study can also inform future research on the role of digital financial services in promoting development and well-being.

OBJECTIVES OF THE STUDY

- To know awareness about India Post Payment Bank among people.
- To know new schemes and improved technology in India Post Payment Bank.
- To ensure challenges and opportunities in India Post Payment Bank.

II. LITERATURE REVIEW

Mr. Anand Kabia, Dr. Sandeep Agarwal (2023), Lack of awareness is a major hurdle to inclusion in India, and India Post Payment Bank aims to address this by providing accessible banking services in rural areas. A study in Bundelkhand region highlights the key challenges of India Post Payment Bank as lack of awareness and technical knowledge among rural people. Despite the challenges, India Post Payment Bank's doorstep banking and vast network of branches offer significant benefits for rural communities.

Dr. Deepika Saxena, Ms. Nihanshi Goyal (2023) Lack of financial literacy, especially in rural areas, hinders financial inclusion. Many individuals associate banks solely with deposits and withdrawals, limiting their engagement with financial services. Financial institutions haven't prioritized training programs to promote access to these opportunities. The Indian government needs to implement initiatives to improve financial literacy across the country, as it's crucial for achieving financial inclusion.

Mr. Dipankar Mondal (2022) Payment banks were introduced to address the challenge of financial inclusion in India. India Post Payment Bank is a payment bank that leverages its Aadhaar enabled Payment System (AePS) services, interoperable doorstep banking services and huge network of postal employees to provide financial inclusion. India Post Payment Bank is expected to play a significant role in driving digital financial inclusion in isolated areas and creating a cashless economy.

Mr. K. Myilswamy, Dr. R. Hamsalakshmi (2022) Rural Customers of Payment Banks need proper customer care education to effectively utilize available services and address issues. Companies must prioritize educating rural users about customer care channels for success in the competitive market. Efficient problem resolution through accessible customer care is crucial for payment bank growth and profitability, and advertising alone is insufficient.

Mr. Manoj Mini, MR. Ashok Kumar Mishra, MR. Ravish Kumar Soni (2021) Post offices in India offer financial services like savings and insurance, especially in rural areas where banks are scarce. They play a crucial role in implementing government schemes and bringing financial facilities closer to people. By leveraging digitalization, they aim to provide even easier access to financial services and contribute to achieving UN's Sustainable Development Goals. Overall, post offices play a significant role in financial inclusion and individual economic development in India.

Mr. Manoj Minj, Dr. Pooja Pandey (2021) Financial inclusion aims to provide vulnerable groups with fair access to financial services. Indian post offices have a long history of serving as rural banks, and India Post Payment Bank was created to further financial inclusion efforts. This research examines the role of Indian post offices in financial inclusion and the potential of India Post Payment Bank.

Mr. Nishant Yadav and Prof. (DR.) Ashok Kumar (2021) This study examines the impact of India Post Payments Bank on financial inclusion in Muzaffarnagar district, India. It aims to understand how India Post Payment Bank, a new type of bank, has changed the banking landscape in both rural and urban areas, particularly after demonetization pushed the need for a cashless economy. The study hopes to shed light on the effectiveness of India Post Payment Bank's payment ecosystem in promoting financial inclusion.

Dr. N. Senthilkumar, Mr. L. Balasubramanian (2021) India Post's wide reach and trusted reputation make it ideal for expanding financial services to rural areas. Modernizing infrastructure, adopting professional practices, and promoting services can attract more postal savings investors. Namakkal Postal Division's success demonstrates the potential of postal services to bridge the financial gap in rural India.

Ms. Afsana Sultana (2020) Indian post offices have been providing banking services to the Indian masses since 1882. India Post Payments Bank was incorporated as a public sector company to further the cause of financial inclusion by providing basic banking, remittance services and payments services to customers. India Post Payment Bank is expected to provide designated financial services at low cost to target population.

Mr. Vaibhav Sharma, Mr. R. C. Gupta (2018) India Post Payments Bank aims to use its vast network and digital tools to offer low-cost banking to unbanked and under banked populations, especially in rural areas. This could bridge the "last mile" gap where banks are absent and leverage the trust people have in post offices. The study examines the bank's role, challenges, and suggestions for success in achieving financial inclusion.

Mr. Sandesh D'souza (2018) Payment banks are rising in popularity for digital transactions, seen as a strategy for India's cashless economy and financial inclusion. While competition with traditional banks may improve services, judging their success against established banks is premature. Reaching the unbanked and underbanked through innovation and overcoming access barriers are key to payment banks' true impact.

Ms. Gayatrinarayannayak (2018) India's Payments Bank, leveraging post offices and digital platforms, has the potential to revolutionize financial inclusion. Modernized post offices, well-trained postal staff, and customer-centric products are crucial for success. Initial success in savings, payments, and remittance can pave the way for future credit offerings.

Ms. M. Bhargavi (2018) India Post Payments Bank, with its vast network and digital integration, can be a game-changer for financial inclusion in India. Modernization, attractive post offices, and well-trained postmen are key to success, ensuring uniform service and customer education. Initial focus on savings, payments, and remittances paves the way for future expansion into credit services.

Dr. K. Meena Kumari (2017) Payments Banks aim to bridge the gap for unbanked and under banked populations. India Post Payments Bank leverages its vast network and digital platforms to offer low-cost financial services in rural areas. This initiative has the potential to achieve financial inclusion, especially in areas lacking traditional bank branches, by building on the trust and reach of the postal system.

Dr. K. Karthikeyan, Mr. M. Dineshkumar (2016) India Post Payment Bank, a gamechanger in Indian banking, tackles financial exclusion and promotes green practices. It empowers underserved populations with affordable savings, remittances, and green banking options. Leveraging the postal network and mobile technology, India Post Payment Bank brings accessible banking to rural areas, driving financial inclusion and a sustainable cashless economy.

III. METHODOLOGY

1. **Sampling Size:** 90 respondents
2. **Sampling Type:** Convenience Sampling
3. **Sample Collection With:** Rural and Semi Urban People who have the account in India Post Payment Bank.
4. **Tools used:** Percentage Analysis and Likert scale analysis.
5. **Primary data:** Collected 90 respondents through questionnaire.
6. **Secondary data:** Articles, Journals, websites.

LIMITATION OF STUDY

- The study is limited to Tirupur district and therefore the study cannot be extended to other areas.
- The sample size is limited to 90 respondents.
- The study is purely based on the opinion of the account holder (rural and semi urban people) of India Post Payment bank, which tend to differ from person to person.

IV. ANALYSIS

1. Simple Percentage Analysis

Table 1: Table Showing age of the Respondents

S.NO	PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE (%)
1	18-24 age	36	40
2	25-34 age	19	21.11
3	35-44 age	23	25.56
4	45-54 age	7	7.78
5	Above 55 ages	5	5.56
TOTAL		90	100

(Source: Primary Data)

Interpretation: The data presented in Table 1 indicates that 40% of the respondents are age group between 18 to 24, 21.11% with the age group between 25 to 34, 25.56% with the age group between 35 to 44, 7.78% with the age group between 45 to 54, and 5.56% with the age group of Above 55.

Table 2: Table showing usage of India Post Payment Bank in the past 3 months

S.NO	PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE (%)
1	Depositing or withdrawing cash	68	31.48
2	Sending money to others	73	33.80
3	Paying bills	26	12.04
4	Recharging your mobile phone	39	18.06
5	Using Aadhaar payment services	10	4.63
TOTAL			100

(Source: Primary Data)

Interpretation: The table 2 describes that 31.48% of the respondents are using for Depositing or withdrawing cash, 33.80% using for Sending money to others 12.04% are using to Paying bills, 18.06% using to recharging mobile phones and 4.63% using Aadhaar Payment services.

Table 3: Table showing other financial services primarily by the Respondents

S.NO	PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE (%)
1	Traditional banks with their own banking app	51	56.67
2	Digital wallets	23	25.56
3	Other payment banks	16	17.78
TOTAL		90	100

(Source: Primary Data)

Interpretation: According to the table 3, there are 56.67% of respondents are primarily using Traditional banks with their own banking app, 25.56% of respondents are using digital wallets, and 17.78% respondents are using other payment banks.

Table 4: Table showing challenges faced while using India Post Payment Bank

S.NO	PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE (%)
1	Lack of awareness about India Post Payment bank	52	27.96
2	Limited services offered	44	23.66
3	Difficulties using the mobile app	28	15.05
4	Long waiting time at branches	49	26.34
5	Security concerns	13	6.98
TOTAL			100

(Source: Primary Data)

Interpretation: The table 4 describes that 27.96% of the respondents are facing Lack of awareness about India Post Payment Bank, 23.66% of the respondents facing Limited services. 15.05% facing difficulties using the mobile app, 26.34% facing Long waiting times at branches, and 6.98% facing Security concerns.

Table 5: Table Showing ways of India Post Payment bank more appealing and User-friendly

S.NO	PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE (%)
1	Increased public awareness about IPPB	60	28.99
2	Introducing more services	73	35.27
3	Improving the mobile app	8	3.86
4	Expanding branch network and accessibility	58	28.02
5	Providing better customer service training	7	3.38
6	Others	1	0.48
TOTAL			100

(Source: Primary Data)

Interpretation: The table 5 describes that 28.99% of the respondents are suggest increased public awareness about India Post Payment Bank, 35.27% suggest to introducing more services, 3.86% suggest to improving the mobile app, 28.02% suggest to expanding branch network and accessibility, 3.38% suggest providing better customer service training, 0.48% are suggest others (pre-determined system).

Table 6: Table showing additional features or services encouraged the respondents to use more frequently

S.NO	PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE (%)
1	Long term deposit scheme with high	35	38.89
2	Receiving any government subsidy	29	32.22
3	Receiving pension with interest	5	5.56
4	Introducing new insurance schemes	20	22.22
5	Others	1	1.11
TOTAL		90	100

(Source: Primary Data)

Interpretation: The table 6 indicates that describes that 38.89% of the respondents are encouraging long term deposit scheme with high interest, 32.22% of the respondents are encouraging to receiving any government subsidy, 5.56% are encouraging to receiving pension with interest, 22.22% are encouraging to introducing new insurance schemes, 1.11% encourage other (to deal with trading).

Table 7: Table showing preferred for future surveys or communications with IPPB of the Respondents

S.NO	PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE (%)
1	Tamil	5	5.56
2	English	25	27.78
3	Both Tamil and English	59	66.56
4	Other	1	1.11
TOTAL		90	100

(Source: Primary Data)

Interpretation: It describes that 5.56% of the respondents preferred Tamil, 27.78% of the respondents preferred English, 66.56 % of the respondents preferred both Tamil and English and 1.11% preferred others (Hindi).

Table 8: Table Showing the main purpose of using IPPB

S.NO	PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE (%)
1	User-friendly & convenient banking services	60	31.41
2	Receiving subsidies from government	58	30.37
3	Receiving pension schemes	8	4.19
4	Investing in insurance schemes and deposit schemes	58	30.37
5	Others	7	3.66
TOTAL			100

(Source: Primary Data)

Interpretation: It describes that 31.41% of the respondents using the India Post Payment Bank for user friendly and convenient banking services, 30.37% of the respondents using mainly for receiving subsidies from government, 4.19% are mainly using for receiving pension schemes, 3.66% using mainly others (Sukanya Samriddhi yojana scheme).

2. Likert Scale Analysis:

Formula:

$$\text{Likert Scale} = \frac{\sum f(x)}{\text{Total Number of Respondents}}$$

While,

f = Number of respondents
 x = Likert scale value
 $\sum f(x)$ = Total score

Mid Value:

Mid value indicates the middle most value of Likert scale.

Table 9: Table showing level of awareness of IPPB among public

S.NO	FACTORS	NO OF RESPONDENTS	LIKERT SCALE(X)	TOTAL(FX)
1	Highly aware	31	5	155
2	Somewhat aware	38	4	152
3	Neutral	17	3	51
4	Less aware	2	2	4
5	Unaware	2	1	2
TOTAL		90		364

(Source: Primary Data)

Interpretation: Likert Scale value 4.04 is higher than the middle value (3), so the respondents are somewhat aware of India Post Payment Bank.

Table 10: Table showing process of opening an IPPB account

S.NO	FACTORS	NO OF RESPONDENTS	LIKERT SCALE(X)	TOTAL(FX)
1	Very easy	34	5	170
2	Somewhat easy	34	4	136
3	Neutral	21	3	63
4	Somewhat difficult	0	2	0
5	Very difficult	1	1	1
TOTAL		90		370

(Source: Primary Data)

Interpretation: Likert Scale value 4.11 is higher than the middle value (3), so the respondents are somewhat easy to India Post Payment Bank account.

Table 11: Table showing user-friendliness of using IPPB mobile app

S.NO	FACTORS	NO OF RESPONDENTS	LIKERT SCALE(X)	TOTAL(FX)
1	Very user-friendly	30	5	150
2	Somewhat user-friendly	19	4	76
3	Neutral	19	3	57
4	Somewhat difficult to use	2	2	4
5	Very difficult to use	1	1	1
TOTAL		90		288

(Source: Primary Data)

Interpretation: Likert Scale value 3.2 is higher than the middle value (3), so the respondents are neutral of using India Post Payment Bank Mobile App.

Table 12: Table showing respondents providing transactions speed in IPPB mobile app

S.NO	FACTORS	NO OF RESPONDENTS	LIKERT SCALE(X)	TOTAL(FX)
1	Very fast	33	5	165
2	Somewhat fast	32	4	128
3	Neutral	21	3	63
4	Somewhat slow	3	2	6
5	Very slow	1	1	1
TOTAL		90		363

(Source: Primary Data)

Interpretation: Likert Scale value 3.98 is higher than the middle value (3), so the respondents are Neutral about transaction speed in India Post Payment Bank.

Table 13: Table showing security of using IPPB for transaction

S.NO	FACTORS	NO OF RESPONDENTS	LIKERT SCALE(X)	TOTAL(FX)
1	Very secure	34	5	170
2	Somewhat secure	31	4	124
3	Neutral	20	3	60
4	Somewhat insecure	5	2	10
5	Very insecure	0	1	0
TOTAL		90		364

(Source: Primary Data)

Interpretation: Likert Scale value 4.04 is higher than the middle value (3), so the respondents are feels somewhat secure of using India Post Payment Bank transactions.

V. FINDINGS

1. Percentage Analysis

Demographics

- Age: Most respondents (40%) fall between 18-24 years old.
- Income: A majority (27.78%) have a monthly income below ₹10,000.
- Occupation: Most respondents (37.78%) are students.

India Post Payment Bank usage:

- Experience: Over half (52%) have used India Post Payment Bank for less than 3 months.
- Primary Use Case: Sending money is the most common reason for using India Post Payment Bank (33.80%).
- Comparison: A majority (56.67%) primarily use traditional banks with their own apps.

Awareness and Perception:

- Challenges: Lack of awareness about India Post Payment Bank is the biggest concern (27.96%).
- Suggestions for Improvement: Offer long-term deposit schemes with high interest (38.89%).
- Language Preference: Most respondents (66.56%) prefer both Tamil and English languages for communication.
- Main Reason for Using India Post Payment Bank: It was user-friendly and convenient services (31.41%).

2. Likert Scale Analysis

- Overall Awareness: Respondents are somewhat aware of India Post Payment Bank (Likert score: 4.04).
- Account Opening: Opening an India Post Payment Bank account is perceived as somewhat easy (Likert score: 4.11).
- Mobile App: User experience with the India Post Payment Bank mobile app is neutral (Likert score: 3.2).
- Transaction Speed: Transaction speed is perceived as neutral (Likert score: 3.98).
- Security: Users feel somewhat secure using India Post Payment Bank transactions (Likert score: 4.04).

- Customer Service: Customer service is perceived as somewhat helpful (Likert score: 4.11).
- Satisfaction: Overall satisfaction with India Post Payment Bank is somewhat positive (Likert score: 4.01).
- Fees and Charges: Perception towards fees and charges is neutral (Likert score: 3.92).

VI. SUGGESTIONS

Based on the findings, here are some recommendations for India Post Payment Bank:

- **Focus on building brand awareness:** It is suggested to implement targeted marketing campaigns, particularly in areas with a high Tamil speaking population. Utilize various communication channels to reach the younger demographic (18-24 years old).
- **Expand service offerings:** It is suggested to introduce a wider range of financial products and services to compete effectively with traditional banks. Consider including features like bill payments, investments, and digital wallets.
- **Enhance the mobile app:** India Post Payment Bank mobile app is expected to improve the user experience and functionality. It also helps in making the interface more user-friendly, adding new features, and ensuring smooth operation.
- **Offer more competitive rates:** Introducing many more long-term deposit schemes with high interest rates to motivate users and encourage saving and would increase the usage of India Post Payment Bank
- **Conduct campaigns:** It is suggested to conduct awareness campaigns in rural areas.

VII. CONCLUSION

This study revealed mixed results for India Post Payments Bank (IPPB). While security and user-friendliness were praised, brand awareness, service offerings, and mobile app functionality need work. By addressing these areas, IPPB can attract new customers, particularly younger demographics, through increased brand recognition. They can also improve customer satisfaction and loyalty by expanding their services and making the mobile app more user-friendly. This will allow IPPB to compete more effectively with traditional banks by offering similar features and rates. It's important to conduct further research with a larger sample size and analyze the reasons behind the neutral mobile app rating to target specific improvements. By following these suggestions and continuously monitoring user feedback, IPPB has the potential to become a strong competitor in the Indian banking sector.