

Payment bank have the potential to provide last mile connectivity for better financial inclusion in the Country. Examine.

Reserve Bank of India (RBI) issued a draft in 2014, to open a small in which they allowed to open a small financial Banks (SFBS) and Payment Bank (PB) with few conditions like

(i) to invest in Government bonds (approx 25%) and maintain balance or deposit upto 75% in bonds.

(ii) minimum paid up equity capital for small finance banks upto be Rs 100 crore.

and etc.

A Payment Bank Potential to provide last mile!

• Payment Bank offers a bank at household level work.

• These work can be done by a Mobile app.

• They provide Capacity to :

(i) deposit an amount up to 1 lakh

(ii) provide small loans &

(iii) Capacity to pay anytime

(iv) provide debit cards

(v) ret banking and etc. at broad level

• The user base is also increasing since the demonetization activity of 2016.

• They also help in various Govt schemes like PM Jan Dhan Yojana, & etc

↳ where the DBT Direct Bank Transfers (DBT) occur through the UPI application, BBIM application & etc.

## \* Associated Benefit:

- ↳ increases the userbase of internet
- ↳ ~~and~~ increases the tendency of cashless economy.
- ↳ provide benefit in instant payment system.
- ↳ also help to purchase or demand on electronic devices like mobile phone & etc.

## \* Associated Demerits:

- ↳ risk of Cyber Waring transaction
- ↳ risk of getting server hack.
- ↳ possibility of data breach

## \* Financial inclusion in the Country.

↳ Can become a financial inclusion by removing some barriers like:

### (i) Credit Cards:

These Payment Banks should <sup>be</sup> allowed to provide credit card to users

### (ii) Extend loan amount:

The loan amount will be helpful to provide support to vocal for local and many other businesses at local level

### (iii) Cross-border remittances:

Should be allowed to used by transfer the remittances from NRI's

### (iv) Accept NRI deposit:

NRI deposit will expand the user base and increase the Foreign Currency inflow.

## Conclusion!

→ Payment Bank ~~Concept~~ <sup>Concept</sup> will help many help staying in rural ~~area~~ areas and will help them expand their userbase. This will also help to cover the missing base of financial services in rural areas.