

A Study on Airtel Payment Banks with Special Reference in Kanyakumari District

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Abstract- Airtel Payments Bank, a fully digital and paperless bank, aims to take banking services to the doorstep of every Indian by leveraging Airtel's vast retail network with massive reach in rural pockets. The study is exploratory and descriptive in nature. The population, in terms of the current study includes customers of the public as well as private sector banks of Kanyakumari district. Non Probability sampling has been used. In case of non- probability sampling, convenience sampling technique has been used. It is understood that Airtel payment banks will be able to compete with other banks and Airtel payment bank will help in controlling black money are the important opinion towards Airtel Payment Bank among the customers of public sector banks as their mean scores are 3.9414 and 3.9233 respectively. It is found that Airtel payment banks will encourage digital payments and Airtel payment banks will be able to compete with other banks are the important opinion towards Airtel Payment Bank among the customers of private sector banks as their mean scores are 4.2647 and 4.1643 respectively. The Airtel Payment bank is positive initiative of a telecom industry. Maximum number of people have Airtel Phone number through that they can use the banking facility. This new concept will motivate the customers in future but it also have some demerits. If Airtel industry focus the demerits then this concept may be a big challenge to traditional banking industry.

Keywords: Airtel Payment Bank, Digital Banking, Paperless Banking and Banking Services

1. INTRODUCTION

Airtel Payments Bank, India's first payments bank, has enabled 100 villages across Tamil Nadu to go cashless as part of its endeavour to take its banking services deep into rural/unbanked areas and contribute to financial inclusion in the country. These villages now have access to basic banking services and the option of making digital payments, making them less reliant on cash. Every village (with no previous access to formal banking) now has at least one Airtel Payment Bank outlet that provides convenient banking services including cash deposits and withdrawals, and seamless money transfer facility. Majority of the village households now have a savings account with Airtel Payments Bank and can bank/transact even with basic feature phones. Merchants/shops in the village accept digital payments via mobile phones from Airtel Payments Bank customers. In addition, farmers/small artisans in the village have been trained to accept digital payments for their produce/goods/services. Residents of these villages no longer have to travel huge distances to access a bank and no longer need to keep their money at home and worry about its safety. They are also able to earn a healthy interest rate on their savings deposits. Most households in these villages have one or more family member working in cities/towns across the country and they can now receive money transfers from family members/friends conveniently.

Airtel Payments Bank, a fully digital and paperless bank, aims to take banking services to the doorstep of every Indian by leveraging Airtel's vast retail network with massive reach in rural pockets. Airtel Payments Bank currently has a network of over 250,000 neighbourhood

Airtel retail stores, which also function as banking points. This is more than the total number of ATMs in the country. The Bank aims to scale its network to 600,000 banking points across the country.

Till date, over 100,000 savings accounts have been opened with Airtel Payments Bank across Tamil Nadu. A network of over 16,000 neighbourhood Airtel stores across the State act as banking points and offer basic banking services to customers. Airtel Payments Bank will not charge any processing fee from its customers and merchants partners for merchant digital transactions, thereby encouraging them to adopt cashless payments. Airtel Payments Bank has committed an investment of Rs. 3000 crore across its national operations and plans to build a digital payments ecosystem with over 5 million merchants. Over one million merchants have already been onboarded across India.

Airtel payments Bank's bouquet of innovative and convenient services include:

- Digital Banking: Quick and paperless account opening using Aadhaar based e-KYC.

This requires no documents at all, only the customer's Aadhaar number is needed.

The customer's mobile number will be his/her bank account number.

Interest rate of 7.25 % p.a. on deposits in savings accounts, the highest in India.

One minute of Airtel mobile talk-time for every Rupee deposited at the time of opening a savings account.

Money transfer to any bank account in India (Free money transfer from Airtel-to-Airtel numbers within Airtel Payments Bank).

Free Personal Accidental Insurance of Rs. 1 Lac with every Savings Account.

- Easy deposit and withdrawal facility across a wide network of Airtel retail outlets.
- USSD and IVR in 12 languages for non-smartphone customers.
- An online debit card in partnership with MasterCard to enable payments on all ecommerce websites

Airtel Payments Bank's services can be accessed by customers on their feature phones as well through USSD by dialing *400#; or via a simple IVR by dialing 400. Both the USSD & IVR options are available in 12 local languages. Customers can also access services by dialing 8800688006 in addition to visits to any designated Airtel retail outlet to access services (and not just the outlet where they have opened the account).

2. PAYMENT BANKS

This is the first time in the history of India's banking sector that RBI is giving out differentiated licenses for specific activities. Also, this is the first time since banks were nationalized, that private sector business groups have bagged the RBI's permission for banking services. On 7 January 2014, the Nachiket Mor Committee was formed and committee submitted the recommendations, the major recommendation was, the formation of a new category of bank called payments bank. On 17 July 2014, the RBI released the draft guidelines for payment banks, seeking comments for interested entities and the opinion of general public. On 27 November 2014, RBI released the final guidelines for payment banks. In February 2015, RBI released the list of entities which had applied for a payments bank licensing. On 28 February 2015, during the presentation of the Budget it was announced that India Post will use its large network to run payments bank. On 19 August 2015, the Reserve Bank of India gave "in-principle" licences to eleven entities to launch payments banks:

- 1) Aditya Birla Nuvo
- 2) Airtel M Commerce Services
- 3) Cholamandalam Distribution Services
- 4) Department of Posts
- 5) FINO PayTech
- 6) National Securities Depository
- 7) Reliance Industries
- 8) Sun Pharmaceuticals dilip sangvi
- 9) Paytm
- 10) Tech Mahindra
- 11) Vodafone M-Pesa

Out of these, three entities have surrendered their licenses. First one being "Cholamandalam Distribution Services", then "Dilip Shanghvi, Sun Pharmaceuticals" and the latest, "Tech Mahindra". Airtel has launched India's first live payments bank. Paytm is the second such entity to launch payment bank in the country. India Post Payments Bank is the third entity to receive payments bank permission after Bharti Airtel and Paytm. The main objective of the payment banks is to provide easy availability of financial services to rural and the urban population to develop financial services

and provide simple payment methods for small-scale businesses and low-income households. These banks can accept a restricted deposit which is currently limited to INR 1 lakh per customer and may be increased further. These banks cannot issue loans and credit cards. Both current account and savings accounts can be operated by such banks. Payments banks can issue services like ATM cards, debit cards, online banking and mobile banking.

Airtel Payment Bank (APB)

On 11th April, 2016, Airtel Payments Bank became the first entity in India to receive a payments bank license from the Reserve Bank of India (RBI). APB is a Joint venture between Bharti Airtel Ltd and Kotak Mahindra Bank Ltd. India's first Payments Bank goes for LIVE-Airtel Payments Bank which starts pilot services in Rajasthan. The pilot study is aimed testing systems and processes. Customers in towns and villages across Rajasthan will now be able to open bank accounts at any Airtel retail outlets, which will also act as Airtel Payments Banking points. Airtel Payments Bank is a fully digital and paperless bank.

FEATURES OF AIRTEL PAYMENT BANKS ARE:-

- Quick and paperless account opening using Aadhaar card based on e-KYC. This requires no documents at all, only the customer's Aadhaar number is needed.
- Customer's Airtel mobile number will be his/her bank account number
- Interest rate of 7.25 % p.a. on deposits in savings accounts
- Money transfer to any bank account in India (Free money transfer from Airtel to Airtel numbers within Airtel Payments Bank)
- Personal Accidental Insurance of Rs. 1 Lac with every Savings Account
- Easy deposit and withdrawal facility across a wide network of Airtel retail outlets.

3. RESEARCH QUESTION

To find out the opinion of Public & Private bank customers towards Airtel Payment Bank.

4. OBJECTIVES OF THE STUDY

- To examine the customer opinion about Airtel payment banks (APB) in Kanyakumari District
- To study the awareness about the Airtel Payment Bank among the Public & Private Sectors Bank Customers

5. METHODOLOGY

The study is exploratory and descriptive in nature. The population, in terms of the current study includes customers

of the public as well as private sector banks of Kanyakumari district.

6. SAMPLING METHOD

Non Probability sampling has been used. In case of non-probability sampling, convenience sampling technique has been used.

7. HYPOTHESIS OF THE STUDY

- There is no significant difference in opinion towards Airtel Payment Bank among different type of bank customers in Kanyakumari district.
- There is no significant difference in awareness about the Airtel Payment Bank among the Public & Private Sectors Bank Customers in Kanyakumari district.

8. ANALYSIS AND INTERPRETATION OPINION OF BANK CUSTOMERS TOWARDS THE AIRTEL PAYMENT BANK

In order to find out the significant difference in opinion towards Airtel Payment Bank among different type of bank customers, ‘t’ test is used with the null hypothesis as, **“There is no significant difference in opinion towards Airtel Payment Bank among different type of bank customers in Kanyakumari district”**. The result of ‘t’ test for opinion towards Airtel Payment Bank among different type of bank customers is presented in Table 1.

Table 1: Opinion of Bank Customers towards the Airtel Payment Bank

Opinion	Type of Customers		t Statistics
	Public Sector Banks	Private Sector Banks	
Airtel payment banks will be able to compete with other banks	3.9414	4.1643	2.824*
Airtel payment banks will be able to create financial inclusion of rural population	3.8672	4.0869	2.557*
Airtel payment banks will encourage Digital Payments	3.8828	4.2647	2.918*
Airtel payment bank will help in Controlling Black Money	3.9233	4.1511	2.791*

Withdrawal charges on every withdrawal will demotivate the customer	3.9102	4.1041	2.328*
This bank scheme will become popular in future	3.5820	3.9244	2.890*

Source: Primary data

*-Significant at five per cent level

From the above table, it is understood that Airtel payment banks will be able to compete with other banks and Airtel payment bank will help in controlling black money are the important opinion towards Airtel Payment Bank among the customers of public sector banks as their mean scores are 3.9414 and 3.9233 respectively. It is further understood that Airtel payment banks will encourage digital payments and Airtel payment banks will be able to compete with other banks are the important opinion towards Airtel Payment Bank among the customers of private sector banks as their mean scores are 4.2647 and 4.1643 respectively. Regarding the opinion towards Airtel Payment Bank among customers belong to public sector banks and private sector banks, Airtel payment banks will be able to compete with other banks, Airtel payment banks will be able to create financial inclusion of rural population, Airtel payment banks will encourage Digital Payments, Airtel payment bank will help in controlling black money, withdrawal charges on every withdrawal will demotivate the customer and this bank scheme will become popular in future are statistically significant at 5 per cent level.

9. AWARENESS OF BANK CUSTOMERS TOWARDS THE AIRTEL PAYMENT BANK

In order to examine the relationship between type of bank customers and awareness towards Airtel Payment Bank, a two-way table with type of bank customers and awareness towards Airtel Payment Bank was constructed. Accordingly, respondents have been grouped into two categories on the basis of their type of bank. The details of awareness towards Airtel Payment Bank among customers on the basis of their type of bank are presented in Table 2.

Table 2: Awareness towards the Airtel Payment Bank and Type of Bank Customers

Type of Problems	Type of Bank Customers		Total
	Public Sector Banks	Private Sector Banks	
Yes	28(56)	45(90)	73(73)
No	22(44)	5(10)	27(27)
Total	50(100)	50(100)	100(100)

Source: Primary Data

Table 2 makes it clear that there is a relationship between the type of bank customers and awareness towards Airtel Payment Bank. Among the customers of public sector banks, 56 per cent of the respondents who have awareness about Airtel Payment Bank and 44 per cent of the respondents do not have awareness about Airtel Payment Bank. Table further shows that among the customers of private sector bank, 90 per cent of the respondents who have awareness about Airtel Payment Bank and only 10 per cent of the respondents do not have awareness about Airtel Payment Bank. In order to test whether there is any significant relationship between type of banks customers and awareness about Airtel Payment Banks, Chi-square test was applied with the null hypothesis as “there is no significant relationship between awareness about Airtel Payment Bank and type of bank customers”. Table 4.19 reveals the working of Chi-square test for awareness about Airtel Payment Bank and type of bank customers.

Table 3: Awareness about Airtel Payment Bank and Type of Bank Customers – Chi-Square Test

Particulars	Value	df	p Value
Pearson Chi-Square	10.165	2	.008
Likelihood Ratio	14.791	2	.010
Linear-by-Linear Association	.048	1	.027
N of Valid Cases	99		

Source: Computed Data

Table 3 discloses that the calculated chi-square value for awareness about Airtel Payment Bank among different type of bank customers is 10.165 which is significant at the ‘p’ value of 0.008. Since the ‘p’ value is less than 0.05, the null hypothesis is rejected. It is concluded that there is a significant relationship between the awareness about Airtel Payment Bank and type of bank customers.

10. SUGGESTIONS

- Presently very less numbers of retailers/ outlets are available in Kanyakumari District. It is very difficult to track a single Airtel Payment Bank in Kanyakumari District. Hence Airtel Payment Bank should arrange more number of retailers as well as outlets in Kanyakumari District.
- Loss of phone may lead to lose the money from the account. Hacking is very easy. Airtel Payment Bank should arrange and concentrate on the safe of the customers.
- It is not trust worthy (Security Issues, withdrawal, availability etc.). The Airtel Payment Bank should create confidence among customers regarding security issues, withdrawal and availability.

- Airtel Payment banks should be able to reach the remote rural areas, thus to make it accessible for the 'unbanked' population.

11. CONCLUSION

The Airtel Payment bank is positive initiative of a telecom industry. Maximum number of people have Airtel Phone number through that they can use the banking facility. This new concept will motivate the customers in future but it also have some demerits. If Airtel industry focus the demerits then this concept may be a big challenge to traditional banking industry.

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