

# INDIAN POSTAL PAYMENT BANK: *Leveraging Biometrics To Empower Rural India With Digital Banking*

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## INDIAN POSTAL PAYMENT BANK:

*Leveraging Biometrics  
To Empower Rural India  
With Digital Banking*



## Introduction

The Indian postal service is one of the largest postal networks in the world. Its network covers over 154,965 post offices, of which 89.76% are in rural areas. The relevance of the postal department was reducing as the modern communication revolution took place. But the connectivity of the postal network in the country is unmatched. Upon understanding the possibilities of the network, the government slowly turned each post office into a partial financial institution, starting with the offering savings account, and now offering digital banking and doorstep services.

The government's decision to launch digital banking services via the postal network is a bold step toward greater financial inclusion. The countrywide network would give unbanked people in every region of the country banking and other financial and non-financial services. This white paper will examine the Indian Postal Payment Bank (IPPB), its services, and biometric authentication as a key to its success.

## WHAT IS IT MEANT BY INDIAN POSTAL PAYMENT BANK?



The Indian Postal Payment Bank is a mobile app that provides digital banking services to over 100 million rural Indians. It delivers biometric-based solutions that allow customers to access services and make payments using biometric verification at their doorstep. Those who do not have a bank account can also benefit from the Indian Postal Payment Bank and access the various services offered by the bank. Through IPPB, the unbanked can access every facility a bank provides from the comfort of their own home.

Users can access the services from anywhere by downloading the IPPB app from the Google Play Store or the Apple Store. They can immediately activate digital banking by linking their bank account or Post Office Savings Account (POSA). Or else they can approach a nearby post office for services. Unlike other banking services, the IPPB provides banking and nonbanking government services to small businesses, SMEs, and startups. We will look into all the services provided by IPPB later in the following sections.



## BIOMETRICS: THE KINGPIN OF RURAL BANKING

When it comes to mobile and doorstep banking, security and the convenience of authentication become more significant considerations. How the postman or agent will know the customer is who he says he is - is a critical security concern. A simple document verification cannot be trusted in the digital era. Obtaining proof documents every time is also not a convenient alternative for everyone. This is where biometrics comes in. The Indian Postal Payment Bank has been using biometrics for customer authentication to carry out transactions. The postman or an agent will carry a POS device or a fingerprint scanner that is linked to smart devices for identity verification.

With biometric authentication, every transaction will go paperless, and there won't be a need for customers to carry documents. These highlighted features of biometrics help rural people access banking services from any location at their fingertips. Fingerprint scanners are a common authentication method used in such services. Biometric authentication is enabled in IPPB using the Aadhaar Enabled Payment System (AEPS) system for cash transactions, statements, and balance inquiries. It enables people to conduct transactions from their Aadhaar-linked account from any location by just presenting their fingerprints to AEPS POS machines. To authenticate the customer's identification, the postman or agent will bring a POS device with them. The AEPS POS gadget is available at every post office and bank branch.

## EMPOWERING RURAL INDIA: HOW DOES IPPB ACHIEVE IT?

Over the years, the banking sector has been trying to expand its reach to rural India. The ATM and branch network of the banking sector in rural India has to grow further to achieve the goal of real financial inclusion. Meanwhile, the postal network can replace and pace up the development since it has a strong presence in rural India and is quickly evolving into a banking infrastructure. This vast network is leveraged to increase the accessibility of digital banking services for older, differently abled, and underbanked people.

The IPPB can go where banks cannot, ensuring that all areas of the nation have access to financial services, digital banking, and other government programs like pensions, subsidies, etc. The IPPB will assist in ensuring that it reaches the rightful recipients of the schemes at the right time.



## COMPLETE SERVICES THAT IPPB OFFERS:

The IPPB offers more than simple financial transactions; it also offers a number of government schemes. Nearly all digital government services that demand biometric authentication can be accessed with IPPB. However, the following services are already available:

### MOBILE AND SMS BANKING:

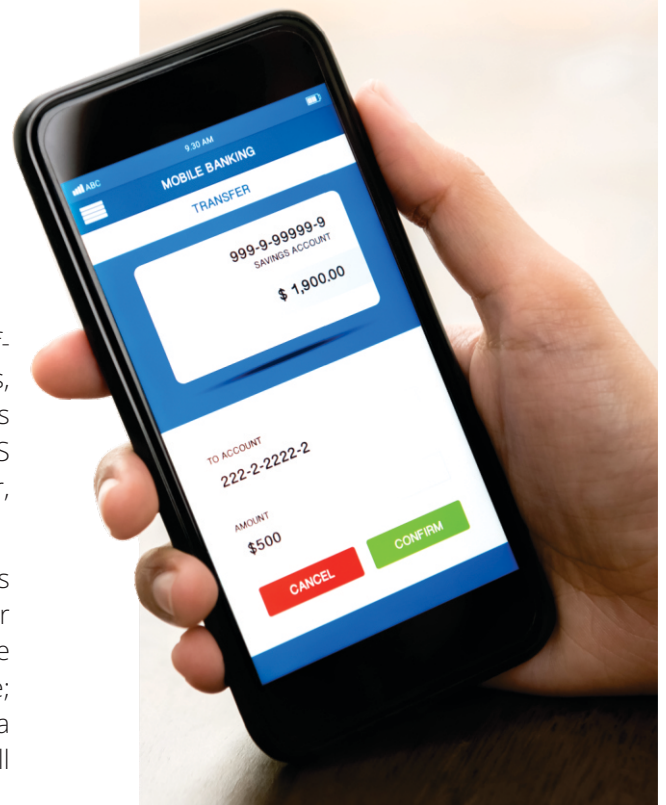
Mobile and SMS banking are services that are intended to provide self-service from anywhere. Customers may quickly access their accounts, conduct transactions, pay bills, manage funds, etc.- with a few clicks from their smartphones. The IPPB app is available in Android and iOS stores. Users can log in to their account with their mobile number, account number, and CIF number.

SMS banking is something for people who don't have internet access or when internet access is not available. They can still access their account information by sending a simple SMS to the designated phone number. People can access it from any phone, anywhere, at any time; internet access is not required, only to request a balance inquiry and a mini statement. The same service is available through missed call banking.

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## DOORSTEP BANKING



Doorstep banking services are essential for many sections of the population who face difficulties in approaching bank branches directly. With biometrics, authentication may be carried out anywhere without the need for paper documents. Customers have three options for getting IPPB doorstep banking: using the IPPB app, calling the call centre, or asking the postman directly. Customers can open a bank account, transfer funds, deposit and withdraw cash, recharge or pay bills, buy life insurance and general insurance, and much more with the doorstep banking services facility. Although there is a nominal charge for the service, there is no charge to open a new bank account. Furthermore, people can withdraw money from their Aadhaar linked account using AEPS service.

## DOMESTIC MONEY TRANSFER (DMT)



Mainly focusing on migrant workers who are unable to access formal banking channels for want of proof of identity/address etc. Even without a bank account, such people can use the MPS, UPI, NEFT, and RTGS transaction modes to send money easily to their kin in different states. Customers can do DMT with their mobile number only. To do so, they must either go to the nearest access point or call the postman to their location. They can then transfer money with a one-time registration for both the sender and the recipient. In the event of a failed transaction, they will get a refund. It is an interoperable AEPS-based system.

## DIGITAL LIFE CERTIFICATE (DLC)



Retirement is the time for relaxation and exploration. However, it becomes limited for many people because they must return to their hometown to confirm their presence each time they collect pension money. The goal of the Digital Life Certificate (Jeevan Pramaan) is to provide paperless and biometric-based services to retirees. Pensioners can call a nearby post office for assistance. The postman, or Grameen Dak Sevak, will visit the pensioner's home and perform biometric authentication using an Aadhaar-enabled biometric authentication mechanism administered by the Government of India's National Informatics Centre (NIC). The DLC is generated instantly by NIC and can be downloaded by clicking on the link delivered.

IPPB and non-IPPB customers can use the system to ensure a completely paperless, seamless, and hassle-free DLC-generating procedure. Meanwhile, the biometric life certificate will assure pension distribution security, transparency, and accountability.

## CELC SERVICES



Child Enrolment Lite Client (CELC) Services is a direct service provided by UIDAI to enrol children under the age of five. The child enrollment process is simpler than adult verification because no fingerprint or iris recognition is necessary. Only facial and demographic information is required for the CELC app developed by UIDAI. The IPPB brings the service to the doorstep.

## I CONCLUSION

The Indian Postal Payment Bank is a financial institution that was established to provide financial services to citizens throughout the country. The Aadhaar-based biometric authentication service is crucial for the doorstep and digital services since transaction security is reliant on it. It will play a key part in the country's long-term growth because it will help to bring government schemes directly to the people.

Aside from the services mentioned above, IPPB provides Aadhaar-related services like updating mobile numbers, linking PAN and account, other Aadhaar-related services, and various subsidy disbursements. IPPB services are actually leveraging the network of 650 IPPB branches supporting 1,36,000+ Post Offices (Access Points) & more than 2,00,000 Postmen and Gramin Dak Sevaks equipped with smartphones and biometric devices. As a result, in the future, the services may extend to SIM card distribution, tax return verification, PF transactions, etc. Finally, IPPB doorstep banking will bring all sections of the population into digital banking, and transactions will ensure promising financial inclusion in the country.

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