



A Study of Customers Preferences for India Post Payment Bank

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Abstract

India Post is one of the premier government organization .Since last many years it is fulfilling the communication needs of masses.India Post has got a brand image as well as got a trust in the minds of customers. Huge penetration of India Post is one of the main reasons why the Government has launched the Postal Payment Bank so that the financial services can reach each and every corner of the country. To make financial inclusion successful the best alternative is launching Postal Payment Bank. But there are many challenges in front of India Post to establish as Payment bank.The main challenge for the India Post is tough competition from well established banking sector and to attract the customers for availing Postal Payment Bank services. To sustain in the competition it is very much critical to know the customer preferences.

Key Words- Financial Inclusion, India Post Payment Bank, Customer Preferences

Introduction-

India Post has proved itself as a growth engine for Indian economy since independence. It is one of the largest government backed service sector institution. It has got huge customer base and earned the trust in the minds of customers. The India Post is providing wide range of services to its customers like mailing services, financial services, insurance and agency services. It has a huge wide spread network through its penetration to even remote areas of the country. Hence where still banks have not reached the India Post is already providing its services. So the banking services can be made available to masses and to those who are deprived of financial services till now. Therefore Government has chosen the Department of Post as an alternative to banking services.

Postal Payment Bank

Reserve bank of India has elaborated the meaning of financial inclusion. Financial Inclusion means financial services are made available to everyone at affordable prices.¹ The financial services must reach the poor and weaker sections of society who are deprived of financial services. The government has launched many services till now as a part of financial inclusion like PM Janadhana Yojana, Atal Pension Yojana, PM Vaya Vandana Yojana, Mudra Yojana etc². The Department of Post will be playing very crucial role in the successful implementation of

¹ www.rbi.org.in

² http://rbidocs.rbi.in/scripts/AnnualReportPublications

financial inclusion. Its reputation and wide geographical spread are the big weapons for penetrating financial benefits without inequality.

On 19th August 2015 RBI has given licence to run Postal Bank. On 17th August 2016 public limited government company was established for setting up payment bank. The postal payment bank was inaugurated on 1st Sept 2018. Around 10000 postmen were trained for the first phase launching of India Post Payment bank. It aims at banking at door steps and providing banking access to every Indian citizen. It focuses on the low income group and weaker sections of society who are deprived of banking services. The various banking services offered by Postal Payment bank are Regular savings bank, digital savings bank, basic saving bank account, current account facility for small merchants. The postal payment bank account can be accessed through mobile app.³ Initially postal payment bank is launched in 650 branches and 3250 post offices.

Strengths of India Post for launching Postal Bank

Department of Post is among the most enduring institutions set up by the British, its huge network and customer base are the main strengths of India Post. There are approximately 155,015 post offices across India which is highest in the world. Large number of post offices are in the rural areas.⁴ The government intends to extend the financial services to small income group people across the country. The postal bank will provide banking access to every village and within 5km radius of 500 household will establish the branch of postal bank. The bank with the biggest network in India, SBI, has 24,000 branches. Even if India Post were to convert just 15 per cent of its branches into banks, it will be as large as SBI.

The decision to foray into commercial banking now is only an extension of its presence in financial services through the post office savings bank which is used by millions across the country. The Department of Post has collected even small savings since last many years. It is a best example of integrity and transparency in maintenance of huge public funds. Various savings account schemes are offered by India Post and they are popular because some of them also give tax benefits.

Challenges in front of India Post while delivering banking services

Even though India Post has huge advantages there are many challenges to be faced by the department-

- 1) There is acute competition from well established banking sector in the country.
- 2) Proper segregation of postal activities and banking activities
- 3) Designing proper strategies for understanding customer preferences and needs.
- 4) Adoption of modern technology
- 5) Training to be imparted to the existing staff

³ www.ipponline.com

⁴ www.indiapost.gov.in

- 6) Recruiting the adequate number of staff members for delivering the postal banking services.
- 7) Arranging the required funds for delivering the postal banking services.

There are few customers who have faith and confidence in India Post but to compete with well established banking system is major task for India Post. Indian economy has flourished due to well organised strong banking system. To make India Postal bank customer preference over and above various banks is a big confront for Department of Post. They have to adopt strong marketing strategies to first understand customers' requirements, expectations and beliefs. A detailed study of various banking services available to customers at finger tip and problems faced by banking sector while discharging these services since last many years must be thoroughly analysed. Indian banking sector is technologically well advanced compared to India Post, which may create hurdle while changing customer preference for Postal bank mainly in urban areas.

Review of Literature

Various experts have contributed their findings and suggestions after making a study of financial inclusion with establishment of postal bank. There is hardly any literature on customer preferences for postal bank.

Rangarajan Committee (2008)⁵, As per the committee report financial inclusion is a process which will ensure easy access of financial services and availability of credit to people who are deprived of financial services. Financial inclusion aims at helping low income groups, weaker sections of society to come out of poverty. It also aims at transfer of resources to the places where the financial services have not reached. India Post can better aid to fulfill these objectives.

Kumar D (2014)⁶ the researcher has elaborated the financial services rendered by India Post. The researcher has explained practices adopted by India Post in various areas to make people financially strong. So it can easily give access to banking services and can take initiative to spread financial services.

Malakar D (2013)⁷ the author has stated that the key driver of financial inclusion is banking services must be reaching every citizen and all sections of society. The researcher further states that the crucial role can be played by India Post and to achieve the goal of financial inclusion many challenges are ahead of India Post.

⁵ Rangarajan Committee Report on financial inclusion, 2008

⁶ Divyesh Kumar, 2014, A Comparative Study of Post Office Services Fostering financial Inclusion A Meta Analytical Approach, International Journal of Multidisciplinary Research & Development ISSN 2349-4182, ISBN 2359-59, Impact Factor 3.672

Samanta K(2018)⁸ states that the financial inclusion need to be properly implemented as there are various challenges in front of Indian economy. There has to be proper use of financial resources and other existing resources. India Post with its well established network can efficiently provide banking services to customers and protect their interest.

Mehta et.al (2015)⁹ describes that huge Indian Population lacks banking services like saving bank account, credit facility, etc. RBI is trying solving this problem by increasing bank penetration mainly in rural and unbanked areas

Research Gap

The researcher has observed that very little research is done on customer preferences and opinions on postal bank.

Objectives of the study

- 1) To study the customers preferences for postal banking services.
- 2) To study the supply of banking services influencing customer preference.
- 3) To study the need of technology for delivering banking services.

Statement of Hypotheses

- 1) The customer preferences for postal banking services are significantly influenced by supply of banking services.
- 2) There is significant relationship between technology and customer preferences towards postal banking.

Research Methodology

The conduct the research and analyse the research gap descriptive and exploratory research methods are used.

⁷ Dipankar Malakar,2013, Role of india Post in Financial Inclusion,IOSR Journal of Humanity & Social Science, ISSN-2279-0837,ISBN 2279-0845,Vol 6,issue 4

⁸ Kunal Samanta, Fen 2018, Financial Inclusion in India –An Empirical Study, International Journal of Information Movement, Vol 2 Issue x ISSN 2456-0553

⁹ Mehata et.al 2015,Finacial inclusion- shifting base towards Crowning Glory, Arabian Journal of Business & Management Review, DOI/10-4172/2223 5833 1000158

Scope of Research

The scope of research for the above study is kalyan and Thane city from Thane district. Thane district is vast and densely populated hence it is not possible to cover the entire Thane district.

The researcher has considered certain variables for particular research like age of customer, income, education of respondents, customer needs, availability of basic banking services, timeliness of services, quality of banking services, safety, security, use of technology, expectations of customers, easy accessibility of banking services etc these factors are The researcher has tried to find out research problem and tried to find the solution for the same.

Data Collection and Sampling Method

The above research is conducted in Thane region which is geographically vast and densely populated and hence the study of customer preferences has been done by conducting survey of 150 customers in Thane and Kalyan City in Thane District. The primary data is collected through questionnaire which is given to the respondents of Kalyan and Thane city of Thane district. Secondary data is collected through the various books, research journals and websites.

Simple random sampling method is used to collect the responses of respondents to make the sample representative. Simple Random sampling is scientific sampling method. Data is collected by personally visiting the postal banks.

Data Analysis and Interpretation

The factors influencing customer preferences for postal banking

	Agree	Neutral	Disagree
Detailed information about the postal banking services is available on web site	70%	2%	28%
Easy to choose and compare variety of services	82%	4%	14%
Time Saving and Convenient compared to banking services	6%	3%	91%
Facilitates easy banking services	83%	6%	11%
Reduces the cost and efforts of visiting bank	76%	8%	16%
Provides necessary security	88%	4%	8%
Trustworthy websites /portals	85%	6%	9%
Good rates of interest are offered compared to banking services	12%	10%	78%
All the needs of customers are considered	45%	10%	45%
Wide variety of services are available online	68%	4%	28%
Quality of services is satisfactory	71%	10%	19%
Trained staff members are providing postal banking services	45%	20%	35%
Technology improvement is necessary	65%	25%	10%

Hypotheses Testing

Ho- The customer preferences for postal banking services are not significantly influenced by supply of banking services.

H1- The customer preferences for postal banking services are significantly influenced by supply of banking services.

The above hypothesis is tested using Chi square test. The significance level is less than 5% it is proved that the customer preferences for postal banking services are significantly influenced by supply of banking services.

Supply of Banking Services and Customer Preferences	Chi Square Value-25.14
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So it can be inferred that Null Hypothesis is rejected and it is proved that Customer Preferences are significantly influenced by Supply of banking services.

H0-There is no significant relationship between technology and customer preference towards postal banking.

H1-There is a significant relationship between technology and customer preferences towards postal banking.

The above hypothesis is tested using Chi square test. The significance level is less than 5% it is proved that there is a significant relationship between technology and customer preferences.

Relationship between technology and preferences for postal banking	Chi square value-35.14
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So it can be inferred that Null Hypothesis is rejected and it is proved that there is a significant relationship between technology and customer preferences.

Conclusion

From the above research it can be inferred that postal banking can be the best alternative for financial inclusion but it is very much challenging for India Post to change the mind set of customers and make them opt for postal banking services. In the urban areas majority of the customers are getting all kinds of banking services as and when required from various kinds of well established banks like nationalised, private and cooperative sector banks. Many people with low income groups have also opened their savings bank account in nationalised banks under PM Janadhana Yojana. Even the technological upgradation is a major challenge in front of India Post. The banking sector of India is well equipped with all the modern banking equipments like pass book printing machine, sending mobile alerts, internet banking etc. To arrange the funds and trained human resources to deliver banking services is a major challenge today in

front of India Post. Due the non availability of infrastructure and necessary facilities of banking services the customer may not prefer to switch to postal banking. The most important key factor is to understand the psychology and pulse of the customer. For this purpose designing proper marketing strategy is vital for facing the acute competition from other players.

Suggestions

Even though it is difficult to establish as postal bank India Post has an opportunity to encash their trust and confidence. Through postal financial services India Post is already providing various financial services since last many years successfully. India Post retail banking services are one of the largest retail banking service available to masses. The well thought dedicated efforts need to be taken to channelise the future marketing strategies for delivering the financial services. The advertising campaigns need to be designed for creating awareness about the Postal bank services. The necessary training need to be imparted to the staff for rendering postal banking services as well as understanding the needs and preferences of customers. Well trained staff can help to attract maximum number of customers and increasing the customer base.

Limitations of the study

Following are the limitations of the study

- 1) This research is based on the responses of customers of urban area only.
- 2) This research is done in the suburban areas of Thane district only and hence may not be applicable in other parts of country.

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