



# A STUDY ON CUSTOMER ADOPTION TOWARDS INDIA POST PAYMENTS BANK IN KOLLAM DISTRICT

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## ABSTRACT

For many years India Post has fulfilled the communication needs of the masses. It has a brand image as well as trust in the minds of customers. The huge penetration of India Post is one of the main reasons why the Government has launched the India Post Payments Bank so that financial services can reach every corner of the country. To make financial inclusion successful the best alternative is launching India Post Payment Bank. However, there are many challenges in front of India Post to establish as a Payment bank. The main challenge for India Post is tough competition from a well-established banking sector and to attract customers to avail of India Post Payment Bank services. To sustain in the competition, it is very much critical to know the customer preferences.

**Keywords:** India Post Payments Bank, Financial services, Payment bank, Financial inclusion

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## INTRODUCTION

India Post has proved itself as a growth engine for the Indian economy since independence. It is one of the largest government-backed service sector institutions. It has got huge customer base and earned the trust in the minds of customers. It has a huge widespread 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 banking services can be made available to the 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.



Several initiatives have been taken by the Government of India, the Reserve Bank of India, and various other agencies to improve the financial inclusion scenario in the country. The concept of differentiated payment banks and small banks was recommended by the Nachiket Mor committee to RBI. The India Post Payments Bank (IPPB) was launched on September 1, 2018, by Indian Prime Minister Narendra Modi to ensure the financial inclusion of all the citizens in the country, especially the rural population. The main objective of the IPPB is to build the most accessible, affordable, and trusted bank for the common man.

#### **STATEMENT OF THE PROBLEM**

Payments Bank is a new kind of bank that is promoted with the express purpose of extending the reach of banking to a vast majority of the unbanked and under-banked segments of the population. India Post Payments bank is expected to use the physical network of post offices as well as digital platforms such as mobile, internet banking, debit cards, point of sale devices, etc. to provide the designated financial services at low cost to the target population. India Post Payments Bank might be able to provide last-mile connectivity, especially in those areas that do not have any bank branches but have a post office. Its' huge presence in rural areas and the trust it enjoys among vast segments of the population might enable it to succeed where commercial banks have failed. The present study examines the reason for adopting the services of India Post Payment Bank and examines the difficulties faced while using the services provided by India Post Payment Bank.

#### **SCOPE THE STUDY**

The study intended to examine the customer adoption of the India post payments bank who are utilizing the various Banking and financial services and to analyse their actual requirements and needs and how far these are fulfilled by the India post payments bank. The study also examines the difficulties faced by the customers of India post payments bank while using their services. The study is limited to Kollam district.

#### **REVIEW OF LITERATURE**

- **Mahesh et.al (2015)** in their study titled "Challenges Ahead of India Post – A Review", shows that India Post is facing so many challenges from financial institutions like banks and insurance companies. Suggested that It should adopt the strategy of business process reengineering to improve its existing processes.
- **Sameeha and Shana (2016)** explained that by adopting core banking and payment bank services, India Post has widened their operations into a post bank with recent banking technology, qualified and experienced staff, and a vast network of post offices.
- **Dr. Meena Kumari (2017)** "Indian Post Payment Bank-Problems and Prospects", concluded that the payment bank has huge potential to reach the people in rural areas and the postmen be given adequate training to meet the requirement of customers can overcome most of the difficulties and their functioning can be thus improved.
- **Dr. Gaonkar Gopalkrishna M (2018)** "Assessment of Functioning of Postal Savings Schemes", studied the role of postal savings in fulfilling financial inclusion, Growth seen in different postal savings schemes, how post offices are making government schemes available to the public. The study is completely based on a reliable secondary source of data and a growth-producing table.
- **Aravind Kumar and Manoj Kumar (2019)** in their paper, the study has concluded that "IPPB will be a panacea for rural and migrating people. But in present times, most of the population doesn't know about payment banks and their functions. The Ministry said that the IPPB will be about to be started and 650 branches ready to start work. The inclusion of IPPB is a big positive disruption to the banking sector and would surely see the cost associated with the transfer of money or settlements diminish dramatically for end users.

**OBJECTIVES OF THE STUDY**

- To analyze the reason for adopting the services offered by India Post Payment Bank.
- To examine the difficulties faced while using the services provided by India Post Payment Bank.

**RESEARCH METHODOLOGY**

The research study uses both primary and secondary data. The primary data consists of the data from the 150 customers of India post payment bank from Kollam division. The secondary data has been collected from

different journals, newspapers, websites, government reports, RBI reports, and IPPB annual reports.

**RESULTS AND DISCUSSION**

To find out the the reason for adopting the services offered by IndiaPostPayments Bank, the customers indicate their choice of reasonfor adopting the services according to their preference. The information collected is analyzed with the help of the Likert Five Point Scaling Technique and it is presented in the table below.

Table No: 1 shows the Likert scale analysis showingthe reason for adopting the services offered by IndiaPostPayments Bank.

Sl.No	Opinion	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Scores	Rank
1	Convenience	110 550	35 140	5 15	0 0	0 0	150 705	I
2	Low transaction cost	70 350	40 160	40 120	0 0	0 0	150 630	IV
3	Suitable banking products	70 350	40 160	30 90	10 20	0 0	150 620	VI
4	Better interest rate	90 450	20 80	15 45	25 50	0 0	150 625	V
5	Personal assistance	110 550	34 136	6 18	0 0	0 0	150 704	II
6	Grievance Redressal	110 550	20 80	20 60	0 0	0 0	150 690	III

Source: Primary data

**Interpretation:**

The above Table shows Likert scale analysis of the reason for adopting the services offered by IndiaPostPayments Bank.Itreveals that convenience of making transactions ranks first with a mean score of 705, personal assistance

from the employees ranks second with mean score of 704, the grievance redressal system holds third rank with 690 mean score, and suitable banking products hold last rank with a mean score of 620.

The following TableNo: 2, shows the Likert scale analysis of challenges faced by the customers while using the services of India Post payment bank

Sl. No	Opinion	Always	Often	Sometimes	Rarely	Never	Scores	Rank
1	Network problem	50 250	0 0	40 120	40 80	20 20	150 470	I
2	Illiteracy	0 0	0 0	20 60	40 80	90 90	150 230	III
3	Software	20	20	50	40	20	150	



	updatation	100	80	150	80	20	430	II
4	Security	0	0	0	60	90	150	
	issues	0	0	0	120	90	210	IV

Source: Primary data

### Interpretation

The above Table No:2 shows the Likert scale analysis showing the challenges faced while using the services of India Post Payment Bank. The major challenge faced is the Network problem which ranks first with mean score of 470, and Security issues rank last with 210 mean score.

### FINDINGS

- ✓ The study reveals that convenience of making transactions is the reason for adopting the services offered by India Post Payments Bank which ranks first with a mean score of 705.
- ✓ The major challenge faced by the customers of India Post Payment Bank is the Network problem which ranks first with mean score of 470.

### SUGGESTIONS

The competition from prominent private players would compel India Post Payment Bank to continuously renovate its offerings. India Post Payment Bank can no longer rely only on its age-old wisdom of a widespread distribution network but has to upgrade its resources and capabilities to remain competitive in the marketplace and to retain the customers in their hands.

### CONCLUSION

India Post is the largest in the country with its extraordinary goodwill among the people through its network and local appearance. It connects rural areas with the rest of the country and India Post launched the India Post payment banks system provides banking facilities to the account holders. Now, the various banks being the major competitors, India Post offices have to concentrate on providing fast services by implementing advanced technology, increasing customer-friendly financial schemes, improving customer awareness, and educating their staff

as per the recent developments to attain better customer satisfaction and boost their performance. Moreover, India Post offices are advantageous in that their branches are widely spread all over the country covering every rural and remote area where there are hardly any banks that can be maximum utilized by introducing additional special financial schemes in such places.

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