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Payments companies plan major digital payments push in rural hinterland

By [Pratik Bhakta](#), ET Bureau | Updated: Nov 09, 2016, 08.44 PM IST

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MUMBAI: While banks are preparing themselves to face the herculean task of getting old notes replaced by the new ones and those with smaller denomination, domestic remittance companies and business correspondents have offered their assistance to make the system smoother. These companies who manage an expanded retail outlet across the country have offered to use their physical touch points as collection points for older notes.

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"I have written to the [Reserve Bank of India](#) offering almost a million retail touch points that work as BCs and other agencies to help banks to handle such huge amount of pressure from the public to accept old notes," said Naveen Surya, managing director of ItzCash who is also the chairman of the Payments Council of India, the umbrella organisation for all [payments companies](#).

Surya explained that he has written to the banking regulator saying that payments companies can follow complete Know Your Customer (KYC) norms as laid out by the government while accepting cash from the public to be electronically transferred into their bank accounts.

"We can help ease the pain for the public especially from far off areas who do not have access to banks in their locality, but might have business correspondents functioning close by," added Surya.

[Fino Paytech](#) which is on its way to become a Payments Bank and has an expanded network of banking agents in the rural areas said that it is facing issues explaining to its customers that their 500 and 1000 rupee notes have become illegal overnight.

"Since banking operations are closed we have instructed our agents to not accept cash deposits for the next 2 to 3 days as a lot of people might try to exchange their old notes for 100 denomination notes and we might end up facing a shortage as there could be supply crunch," said Rishi Gupta, managing director of Fino Paytech.

While there is a lot of chaos on the ground regarding how exactly the government is planning to meet the cash requirements of the country, payments companies are also excited at the prospect of getting more of rural India to start transacting through digital means.

"Oxigen with its wallet point of sales infrastructure can contribute to this movement. The recent announcement by the government to remove surcharge on electronic transactions for government payments is expected to boost electronic payment infrastructure for retail merchant network," said Sunil Kulkarni, deputy managing director at [Oxigen Services](#) which runs business correspondents network for [State Bank of India](#).

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