THE HINDU BusinessLine

A cooperative remedy for currency crunch

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Kerala's Tenhipalam Co-op Bank has developed an app that's helping customers go cashless

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While demonetisation and the subsequent currency crunch has affected the common man's ability to make payments for their daily needs and services, banks everywhere are hard pressed to handle the surging demand for cash.

But, as they say, necessity is the mother of invention. And for once, it is not one of those fancied private banks that trumpet their tech-savviness', modern infrastructure or gizmos that is leading the way, but a simple cooperative rural bank in north Kerala.

The Tenhipalam Cooperative Rural Bank at Tenhipalam, near Calicut University, has adopted a novel approach to offer e-payment facility, which has brought relief to the local bank customers.

It has developed a mobile app called Coopaisa, which has enabled the 21,000-odd bank customers and more than 1,000 merchandise outlets in the 20 sq km area of the bank to purchase commodities from local markets, and grocery shops without using cash or currency.

The bank has also tied up autorickshaw/taxi drivers and fish vendors for this e-payment facility.

Customers who have the mobile app just have to scan the bar code posted in auto-rickshaws, the fish market, or merchandise establishments after getting the required services. The amount would get deducted from their account.

Those cagey about using the Coopaisa app are given a one-time pin (OTP) to make local purchases.

Describing the new initiative as a shift from conservative banking to a more sophisticated digital method, the bank's President PK Pradeep Menon told *BusinessLine* that customer response to the app has been encouraging.

"Actually, we designed it three months back as part of moving into a complete digital mode of transactions. We never anticipated such a contingency at the time of making the order. The currency freeze has enabled us to reap the app's benefits," he said.

According to him, many of the cooperative banks are facing cash shortage in post-monetisation. A situation has now emerged where customers are raising concern on their deposited money and there is a need to regain their confidence.

Shifting towards a digital payment mode is the only solution to retain customers in the cooperative banking sector.

He went on to add that his bank is the first in the cooperative sector in the country to introduce the business correspondent model by engaging farmers to promote various products and had even introduced micro-ATMs.

Today, the bank is totally digital and electronically equipped to serve its customers in all their e-payment needs.

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