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# Airtel Payments Bank launches pilot services in Karnataka

By ET Bureau | Updated: Dec 15, 2016, 04.14 PM IST

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MUMBAI: Airtel [Payments Bank](#) on Thursday launched its pilot services across 12,000 retail outlets in Karnataka, in addition to Andhra Pradesh and [Telangana](#) the southern market.

70% of these retail outlets, which are essentially banking points, are in rural areas, the company said.

ET had reported on Sunday that the company was planning to set up around 15,000 [Airtel](#) outlets as banking points in Karnataka.

"The mobile phone has emerged as a powerful device to drive financial inclusion and advance cashless transactions in the country. I wish that the unbanked make use of the occasion to adopt digital payments," Siddharamaiah, CM of Karnataka, said in a statement.

[Airtel Payments Bank](#), a subsidiary of the country's leading mobile phone operator [Bharti Airtel](#), rolled out pilot services across 10,000 Airtel retail outlets in Rajasthan in November. It facilitates cashless purchases of goods and services through mobile phones, giving an impetus to the digital payments ecosystem amid the cash crunch effected by [demonetisation](#).

The payments bank offers basic banking services to customers by leveraging Airtel's retail network. It offers highest annual interest rate of 7.25 per cent and an [insurance](#) of Rs 1 lakh per account

Customers opening a savings account with Airtel Payments Bank will also get one minute of Airtel mobile talk time for every [Rupee](#) deposited.

The payment banking arm of the country leading telecom services provider Bharti Airtel, will develop a nationwide merchant ecosystem of over 3 million partners that will include small kirana stores, small shops and restaurants etc.

Starting January 2017, Airtel Payments Bank will educate customers about making cashless payments and reward them for doing digital transactions. In a bid to encourage more transactions, Airtel Payments Bank will not charge any processing fee from its customers and merchants partners for digital transactions. The registration process for merchants will also be completely paperless and would allow them to start accepting payments instantaneously using either an app (smartphone) or USSD (feature phone).

Airtel will leverage its base of over 260 million customers, emphasizing on customers with basic/feature mobile phones to use their phones to make USSD based payments.

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