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Paytm to become payments bank: Know what will happen to your money

BY ET ONLINE | UPDATED: MAY 17, 2017, 05.39 PM IST

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India's leading digital wallet player [Paytm](#) has received the final licence from the [Reserve Bank of India](#) for its payments bank entity. With this, the road is now clear for the Noida-based payments player to kickstart its much-awaited payments bank operations next week.

[Paytm Payments Bank Limited](#) will begin its banking operations from May 23, 2017. As per the Central bank's guidelines, the company will transfer its wallet business to the newly incorporated payments bank entity under a payments bank licence awarded to Founder and CEO Vijay Shekhar Sharma.

Customers using the payment wallet will see it move to the [Paytm Payments Bank Limited](#) in the same capacity and have the option of discontinuing their wallet services with due communication sent to the company by May 23.

If you are a Paytm user and worried about the change, here's what you need to know:

What will happen to the money in Paytm wallets?

The money will be transferred to the [Paytm Payments Bank Limited](#) as the wallet business will become part of the new company. It will happen automatically, and you need not do anything. Other banks too have their wallet businesses apart from their usual business.

Will the Paytm app change?



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No. The user experience will remain the same as the app will continue to work as it does. You will continue to use it to pay for taxi, fuel, food, etc. the same way.

What will change then?

The wallet business will get transferred to the new company but will keep running as it is.

Will I get a bank account number, chequebook, debit card, etc.?

Only if you opt to open an account with the new payments bank of the company. Otherwise, your wallet will keep working as it is. The company will give you an option to open a separate account. You will earn interest on your money if you choose to open a payments bank account.

How is a payments bank different from the usual bank?

A payments bank cannot lend or give advance to customers. It can issue cheque books and debit cards but not credit cards. There is a limit on the money you can keep in your account. You cannot keep more than Rs 1 lakh in the [Paytm payments bank](#). The purpose behind these banks is to provide quick and basic banking services to the people at the bottom. [Airtel](#) too is launching a payments bank.

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Paytm Payments Bank to launch next week

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