

The 3 payment banks have plans for your money

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How they compare			
	Interest rate on deposits	Transaction charges	Other offers
Airtel	7.25%	0.65% for cash withdrawal, 0.5% for cash transfer, minimum ₹100 deposit	Equivalent talk time on Airtel mobile network for every rupee deposited, free insurance cover of ₹1 lakh
Paytm	4.0%	Online is free, 3-5 ATM withdrawals free, Post that ₹20 per withdrawal, ₹100 annual fee for debit card	Zero minimum deposit, Cash back of ₹250
India Post	5.50%	3-5 ATM withdrawals free, Post that ₹20 per withdrawal, ₹2.50-5 for online fund transfer via NEFT	Free withdrawals at Indiapost ATMs and select other bank ATMs

Mumbai, May 24:

With three players launching their payments bank services, consumers now have more choice for their banking needs.

Going by the rate of interest being offered for deposits, Airtel seems to be the most aggressive. The telecom operator's payments bank provides the highest interest rate on deposits at 7.2 per cent, followed by India Post at 5.5 per cent and Paytm at 4 per cent. Most of traditional banks offer about 4-5 per cent interest on deposits.

However, there are other differentiators and benefits that make each player's offerings unique. Paytm, the latest to enter the payments bank space, is the first to offer zero balance-zero digital transaction charge accounts. It is also offering cashbacks to woo customers to open an account. On cash withdrawal, Paytm offers five free transactions in non-metro cities and three in the metros. It will charge about Rs. 20 each on every subsequent transaction.

Compared to this, Airtel charges about 0.65 per cent of the amount withdrawn everytime. India Post currently does not charge for withdrawals made at its own ATMs. Meanwhile, for other services like online banking and other services such as IMPS, UPI and NEFT, Paytm offers free online fund transfer services. India Post charges Rs. 2.5-5 per NEFT transaction and Rs. 5 for IMPS, which is at par with traditional banks.

For mobile banking, NEFT is free but IMPS is charged at Rs. 4 per transaction. Airtel charges 0.5 per cent of the amount if funds are transferred to another bank account through internet banking or mobile banking. Airtel-to-Airtel fund transfers are free.

Ashok Pal Singh, CEO of India Post Payment Bank, Department of Posts, told *BusinessLine* that customers will be drawn not by offers or cashbacks but the further simplification of existing services.

"Every player (payment bank) will have a differentiating factor. It is a sunrise sector and will take many players to broaden the sector in the next 10 years," he said. India Post, which operates four banks in Jharkhand and four in Chhattisgarh, said it plans to reach every district by September and would have two crore accounts in the first operating year (2017-18).

As per the RBI's guidelines, a payment bank is a new concept of banks that can only take deposits but cannot issue loans or credit cards. The deposit is restricted to about Rs. 1 lakh per customer, in both current and savings accounts. Payments banks can issue ATM cards, debit cards and offer net-banking and mobile-banking.

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