

# How Paytm Payment Bank, Airtel Payment Bank are different from normal banks

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Paytm recently launched their payments bank and currently there are four payments bank in India- Paytm Payment Bank, Airtel Payment Bank, India Post Payments Bank and FINO Payment Bank. Digitalization has taken the center stage now more than ever. Banking and all other kind of financial services has made its presence in the digital space and it's growing every day; and the introduction of payments bank is one of them. The payments bank is like normal banks, they perform almost all banking operation but doesn't engage in any credit providing service and functions on a rather smaller business scale compared with other banks. Paytm recently launched their payments bank and currently there are four payments bank in India- Paytm Payment Bank, Airtel Payment Bank, India Post Payments Bank and FINO Payment Bank. Find out how these payments bank differ from normal banks.

**Interest rates:** The standard interest rate for commercial banks range from 3.5 - 6%. As of now, Airtel payments bank is giving the highest interest rate of 7.25% which is a very attractive rate compared to other commercial banks. Paytm's bank offers an interest rate of 4% on savings account and 7% on FDs whereas, India Post payments bank is offering between 4.5 - 5.5% for savings account. Some other small scale commercial banks such as RBL bank offers interest rate of 7% and Yes bank offers interest rate of 6.25% but that too depends on the deposit amount.

As per the RBI guidelines, payments banks cannot lend they can only take deposits or accept payments. Banking experts believe by offering higher interest rates on deposits competition in this sector is expected to rise.

**Minimum Balance:** Most banks levy a charge on its customers in case one fails to hold a minimum balance in their account. Among payment banks, Paytm payments bank came up with zero balance account where no minimum balance needs to be maintained and without any charge. Few banks and digital banking system has also come up with this but most bank charges for not maintaining minimum balance.

**Charges:** Normally banks charge a certain amount of fees for online transaction, along with most payment banks. Among payment banks for online transfers, India Post payments bank charges Rs. 5 for IMPS and NEFT is free of cost. For online transfers within the bank Airtel payments bank doesn't charge anything otherwise it charges 0.5% of the transferred amount. For every online transaction Paytm payments bank is not charging anything, all fund transfer services like IMPS, NEFT and UPI online transactions are free of cost.

Different payments banks charges differently for cash withdrawals. Paytm payments bank follows the standard RBI rules of cash withdrawal charges similar to all other commercial banks in India. For the same, Airtel payments bank charges 0.65% of the withdrawal amount; India Post payments bank doesn't charge any fee for withdrawals made from their own ATM or any Punjab National Bank's ATM if not it too follows the same RBI rules.

**Process:** To open a bank account and the application process of payments bank is made very easy as compared to other banks. These bank accounts can be opened instantly through their respective mobile apps just by providing details like Aadhar number with KYC verification.

India Post payments bank offers a free debit card with annual maintenance fee of Rs. 100 from second year. Paytm payments bank is also offering digital debit card for free and an annual subscription charge of Rs.100 for the physical card. It is also providing its customers with checkbook for Rs. 100.