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Where the Customer Journey Breaks: A Branch-Level Study of Onboarding, Digital Adoption and Fraud Risk at India Post Payments Bank

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Abstract

- India Post Payments Bank (IPPB) is a payments bank. It can take deposits and offer payment services, but it cannot lend. So its income depends on how many customers it brings in, how many of them actually use its services, and how well it earns fees and commissions from that use.
- Most studies on IPPB look at financial inclusion in general. Very few follow the full chain from onboarding to usage to revenue at branch level. This paper tries to fill that gap.
- The study is based on an on-the-job training at IPPB, Nagpur, from 15 May to 15 July 2026. It uses three sources: direct work and observation during the internship, branch-level operational data given for the project, and public sector information.
- Four themes were studied: onboarding and KYC, digital and assisted banking adoption, revenue avenues, and operational and fraud challenges.
- Key results from the branch data:
  - 5,47,134 accounts were opened and about 4.2 lakh customers were active, an active customer ratio of 76.76%.
  - Mobile banking activation was 78%.
  - AePS transactions (14,356) were about eight times doorstep transactions (1,789).
  - 7,634 insurance policies were sold, which is only about 1.82% of active customers.
- The paper concludes that IPPB's strength is access and onboarding. The weak points come after onboarding: inactive accounts, AePS-related fraud risk, and low insurance cross-selling.
- The paper suggests practical steps: risk-based account monitoring, stronger AePS fraud awareness, and simpler insurance communication.

1. Introduction

- Payments banks were created by the RBI to take banking to people who were left out of the formal system. They can accept deposits up to a limit and offer payments and remittances, but they cannot give loans or issue credit cards.
- IPPB is the largest example of this model. It is wholly owned by the Government of India and works through the postal network of about 1.55 lakh post offices. Its field workforce is mostly Gramin Dak Sevaks (GDS) and postmen acting as business correspondents.
- Because IPPB cannot earn interest income from loans, its business model rests on three things:
  - bringing in customers,
  - getting them to use digital and assisted services, and



- turning that usage into fee, commission and cross-sell income.

- Most existing work on IPPB is based on secondary data and looks at financial inclusion as a whole. Few studies show what happens at the branch while a customer is being onboarded, how that customer later uses services, and where the chain breaks.

- This paper connects acquisition, adoption and revenue into one view using first-hand internship experience at IPPB, Nagpur. It is a project-based study, not a questionnaire survey.

2. Review of Literature

The literature is grouped into four areas that match the four objectives of this study.

A. IPPB and financial inclusion

- Singh and Yadav (2023) describe IPPB as an important step in the second phase of financial inclusion, because it can reach people who are far from bank branches.

- Maity and Ganguly (2019) use a SWOT approach and show that India's large postal network is IPPB's biggest advantage in reaching scattered customers.

- Mondal (2022) finds a positive effect of IPPB on financial inclusion. He credits AePS, doorstep banking and the postal employee network.

- Awasthi and Dhingra (2026) surveyed 60 respondents in Delhi/NCR. They found that IPPB improved access, but customers also reported technical delays and low awareness of digital features.

- D'Souza (2018), Kumar (2022) and Dave (2023) also treat IPPB as a tool of government-led financial inclusion, especially in rural areas.

B. Digital and mobile banking adoption

- Basri (2018) studies what drives mobile banking adoption among rural customers in Karnataka.

- Samartha et al. (2022) and Sankaran and Chakraborty (2022) apply UTAUT and its extension to mobile banking in India. Ease of use, social influence, perceived value and trust matter most.

- Mohapatra, Moirangthem and Vishwakarma (2020) add perceived risk to UTAUT for rural users. Social influence, effort expectancy and trust strongly drive adoption, and risk has a smaller effect.

- Khobragade et al. (2025) study rural West Bengal and give an RBI-based view of what pushes rural customers to adopt mobile banking.

- Raju and Gupta (2026) discuss the enablers and barriers of mobile banking for rural inclusion.

C. Business correspondent model

- Kolloju (2014) and Sreeram and Bingimalla (2013) explain how business correspondents extend banking to people who have no branch nearby. This is the model behind IPPB's GDS and postman network.

D. Risk, KYC and fraud

- MicroSave (2025) discusses AePS fraud through field cases and shows that genuine agents are sometimes blamed for failures caused by the system.

Research gap

- The studies above explain why IPPB exists, why customers adopt digital banking, and how agent networks work. But none of them follows the process at branch level, from onboarding to usage to revenue, and then links it to fraud and account restrictions. This paper does that.



3. Research Objectives

1. To examine the customer acquisition and onboarding process at India Post Payments Bank with reference to account opening, KYC, customer due diligence and assisted banking channels.

2. To assess the adoption of digital and assisted banking services at IPPB with reference to mobile banking, UPI, AePS, merchant QR, doorstep banking and Micro ATM services.

3. To examine the major revenue generation avenues of IPPB through transaction-based services, insurance distribution, merchant services and assisted banking channels such as Micro ATM.

4. To identify operational and customer-level challenges affecting digital adoption, service usage and revenue generation, and to suggest practical measures for improving customer engagement and business performance.

4. Research Methodology

- **Design:** Qualitative, process-based, single-site study. It is based on practical work and observation, not on a survey of customers.
- **Place and period:** IPPB, Nagpur, from 15 May to 15 July 2026.
- **Primary data:**
  - Direct involvement and observation during the internship.
  - Tasks covered: customer handling, account opening, KYC and PEP support, customer due diligence, IBC applicant onboarding, mobile banking and UPI registration, merchant QR and insurance marketing, and fraud-related complaints through the Cyber Police Portal.
- **Branch data:** Operational figures were provided for the project (accounts opened, active customers, mobile banking activation, AePS, doorstep and UPI activity, insurance policies, GDS/postmen and access points).
- **Secondary data:** RBI publications, government statements, news reports and the literature in Section 2.
- **Analysis tools:** Simple ratios and percentages from the branch data. Raw data, calculated figures and interpretation are kept separate, and assumptions are stated openly.
- **Role of the intern:** I assisted, observed, verified documents and supported branch staff. Decisions on KYC and PEP approval, fraud case resolution, and account freeze or unfreeze were taken by authorised bank staff.
- **Ethics:** No confidential customer or bank record is reported in this paper.
- **Scope:** Findings come from one branch area and one internship period. They are indicative, not statistically representative of all IPPB branches.

5. Theoretical Framework

Four ideas support the analysis.

1. **Financial inclusion framework**
   - Explains why a bank like IPPB exists: to bring formal banking to people kept out by cost, distance or paperwork.
   - Supports Objective 1.
2. **Technology adoption theories (TAM and UTAUT)**
   - Davis (1989) proposed that perceived usefulness and ease of use decide whether people use a technology. Venkatesh et al. (2003) extended this into UTAUT, with four factors: performance expectancy, effort expectancy, social influence and facilitating conditions.
   - Used to explain why an account holder starts, or does not start, using digital and assisted services.



- Supports Objective 2.

3. **Business correspondent (agency) model**

- Commission-based agents extend a bank's reach at low fixed cost, but this also brings strain: agent training, commission adequacy and fraud risk.
- Links Objectives 1, 2 and 3, because the same agent network acquires customers, drives adoption and earns revenue.

4. **Risk and trust framework**

- KYC and due diligence are not only legal steps. They build the trust that makes customers willing to use digital services.
- Supports Objective 4.

Conceptual chain used in this paper

- Onboarding + Adoption + Trust → Transaction Volume → Cross-Selling → Revenue

Formulas used

- Active Customer Ratio = Active customers ÷ Accounts opened × 100
- Insurance penetration = Insurance policies sold ÷ Active customers × 100
- Assisted transactions per agent = (AePS + Doorstep transactions) ÷ Active GDS/postmen

6. Findings and Discussion

6.1 Customer acquisition and onboarding (Objective 1)

- Onboarding at IPPB follows a fixed sequence, shown in Table 1.

Table 1: Customer onboarding flow at IPPB (observed during internship)

Stage	Activity	Who is involved
1	Customer enquiry and requirement	Customer, branch/IBC staff
2	Document collection (Aadhaar, PAN or Form 60, photo, mobile number)	Customer, intern, staff
3	KYC verification (OTP or biometric e-KYC, PAN check)	Staff, intern (support)
4	Data entry in the bank system	Staff, intern (support)
5	PEP screening	Authorised staff
6	Customer due diligence (identity, occupation, expected transactions)	Authorised staff
7	Application form and declarations	Customer
8	Verification and approval	Authorised staff
9	Account creation and activation	Bank
10–12	Mobile banking, UPI registration and customer guidance	Staff, intern (support)

Source: Author's observation during OJT at IPPB, Nagpur (2026).



- The business correspondent (IBC) onboarding also follows a set sequence: application, document and PAN checks, check for existing BC association, IIBF certificate verification, location verification, final review, system activation and device training.
- Merchant QR acquisition runs through merchant identification, a short pitch, simple KYC, QR generation, training, first transaction and follow-up.
- The process is strong at the entry stage. The weak part is what happens after the account is opened (see 6.4).

6.2 Digital and assisted banking adoption (Objective 2)

- Mobile banking activation of 78% shows that digital banking has taken hold among IPPB customers. This matches the UTAUT literature, where ease of use and social influence drive adoption once a customer is onboarded.
- UPI activity (more than 25 lakh) is far higher than AePS activity (14,356). So UPI is the main transaction channel by volume, which fits the national trend.
- Among assisted channels, AePS (14,356) is about eight times doorstep banking (1,789). Customers seem to prefer an agent point nearby over waiting for a scheduled doorstep visit.
- In the field, customers were more comfortable with UPI and mobile banking than with AePS. This gap lined up with the channel that carried most fraud complaints. Trust seems to be the deciding factor, not technology access. This agrees with Mohapatra et al. (2020).

6.3 Revenue avenues (Objective 3)

- Because IPPB cannot lend, income comes from:
  - doorstep banking charges,
  - AePS and Micro ATM commissions,
  - insurance distribution (SBI and Bajaj Allianz tie-ups),
  - DBT-linked account balances, and
  - merchant services.
- Merchant QR is offered at zero commission. It is better seen as a tool to bring merchants in and keep digital activity going than as a direct fee product.
- Insurance is the clearest gap. Only about 1.82% of active customers hold a policy sold through IPPB, so there is room to grow cross-selling on an already large customer base.
- Micro ATM matters because it turns a GDS/postman visit into a full banking point at very low cost, with no branch or ATM installation. The trade-off is that risk moves to the agent layer. IPPB's own Micro ATM revenue sharing was not available, so it is not estimated here.

6.4 Challenges (Objective 4)

- **Inactive accounts:** Accounts with no transaction for a month can move to "self mode", where transactions are restricted. Some genuine customers are hit, for example a farmer who uses his account only at harvest time.
- **Holds on large credits:** Accounts can be put on hold when a large amount is credited, even when the source is clear and traceable.
- **AePS and OTP fraud:** Most fraud cases handled during the internship came from customers being tricked into sharing OTPs or biometric access. They were not system failures.
- **Low awareness:** Many customers do not know how to protect OTPs, PINs and biometric access.



- **Link between the findings:** Fraud risk sits where usage is highest (AePS), so prevention effort should be weighted toward that channel.

Central finding: IPPB's model works well at the aggregate level. The gaps are after onboarding, in AePS trust and fraud risk, and in insurance cross-selling. None of these needs a change to the core model.

7. Data Analysis and Interpretation

Branch data used (Nagpur)

Item	Figure
Accounts opened	5,47,134
Active customers	about 4.2 lakh
Mobile banking activation	78%
AePS transactions	14,356
Doorstep transactions	1,789
Insurance policies sold	7,634
Active GDS/postmen	397
Access points	376
UPI registrations/transactions	more than 25 lakh

Table 2: Calculated indicators

Indicator	Calculation	Result	What it means
Active customer ratio	4,20,000 ÷ 5,47,134 × 100	76.76%	About 77 of every 100 accounts are active. About 1.27 lakh accounts are inactive and can be targeted for re-engagement.
Mobile banking customers (base: active customers)	78% × 4,20,000	about 3,27,600	Estimate if 78% applies to active customers.
Mobile banking customers (base: all accounts)	78% × 5,47,134	about 4,26,765	Estimate if 78% applies to all accounts.
AePS to doorstep ratio	14,356 ÷ 1,789	about 8.02	AePS is used about eight times more than doorstep banking.
Assisted transactions	14,356 + 1,789	16,145	Activity that depends on agents.
Assisted transactions per agent	16,145 ÷ 397	about 40.7	Average load per agent over the data period.
Accounts per access point	5,47,134 ÷ 376	about 1,455	Scale of onboarding at each access point.



Indicator	Calculation	Result	What it means
Insurance penetration	7,634 ÷ 4,20,000 × 100	about 1.82%	Low cross-sell.
Policies per access point	7,634 ÷ 376	about 20.3	Steady but modest selling across the network.

Source: Author's calculations from IPPB operational data provided for the project.

Points to read carefully

- The data has no stated time period. The ratios are indicators, not statistically tested results.
- The UPI figure does not say whether it counts registrations or transactions. It is more than five times the active customer base, so it most likely means transactions. This is the most likely reading, not a confirmed fact.
- The 78% mobile banking figure can be read in two ways, so both estimates are shown. Neither is an official IPPB number.
- The Micro ATM cost structure (agent commission, device and connectivity cost, interchange fee) is a general industry picture, not IPPB's confirmed breakdown.

8. Limitations and Conclusion

Limitations

- The internship was short, and all observations come from one branch area, so they may not hold for other regions.
- The operational data is in totals, with no time period and no customer-wise or agent-wise breakdown.
- Confidential data, such as agent revenue sharing and fraud case outcomes, was not available.
- The UPI figure is unclear, as explained above.
- No structured customer survey was done. Customer behaviour is inferred from transaction counts and field exposure.
- Sector and company analysis relies on public sources, not audited internal statements.
- My own role was limited to assisting, observing and verifying. I did not take approval decisions.

Future research

- Study active and inactive accounts over several periods to test whether post-onboarding monitoring raises the active customer ratio.
- Compare genuine and suspicious account holds before and after risk-based restrictions.
- Survey customers on OTP and biometric safety in AePS.
- Measure AePS complaint resolution time before and after complaint tracking.
- Extend the study to more IPPB branches and regions.

Conclusion

- This paper followed IPPB's customer journey from onboarding to usage to revenue, using internship evidence from Nagpur.



- IPPB is strong at reaching and onboarding customers. Its digital adoption is also strong, with 78% mobile banking activation and heavy UPI use.
- Three gaps remain:
  - **Post-onboarding monitoring.** About 23% of accounts are inactive, and the same rule is applied to everyone.
  - **AePS trust and fraud risk.** AePS carries most assisted volume and most fraud complaints.
  - **Low insurance cross-selling.** Only about 1.82% of active customers hold a policy.
- Practical recommendations:
  - Review dormant and high-value accounts regularly, and apply restrictions based on customer history and risk instead of one rule for all.
  - Give a short OTP and biometric safety message at AePS points, and give customers a complaint reference number with SMS updates.
  - Re-engage inactive customers through SMS, calls or doorstep visits.
  - Keep insurance communication simple.
- Customer acquisition, digital adoption, risk management and revenue are closely connected. When customers trust the bank, they keep using it, and that is what drives sustainable revenue.

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