

## **Payment banks – One Level Forward in Financial Inclusion**

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### *Abstract*

*Financial inclusion, a tool to combat poverty, is the delivery of financial services at affordable cost to low income segment of society. But still majority of rural population and poor people of India have remained outside the formal banking ambit. The study focuses on role of payment banks in financial inclusion which is playing a catalytic role for the economic growth of society. There are several advantages of payment banks that include last mile connectivity in rural areas where physical access is arduous. These banks thus will add a much-needed financial inclusion element to the banking system. Over the next decade or so their functioning has the capacity to bring about another revolution in the banking sector. This paper provides a brief understanding of payment banks and accentuates how payment banks substantially help in promoting financial inclusion. It also incorporates some of the challenges faced in its operations and recommends a way forward.*

**Keywords:** Financial inclusion, payment banks, banking sector

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