

Airtel Allowed eKYC, But Not Its Payments Bank

Telco must submit compliance reports each quarter; RBI to clear payments bank

Our Bureau

New Delhi: Bharti Airtel's authorisation to conduct Aadhaar-based electronic verification of its mobile subscribers has been restored, but that of its payments bank remains suspended.

"Airtel's KYC (Know Your Customer) licence has been extended beyond March 31, subject to certain conditions. They will have to give a quarterly report of meeting various provisions under the Aadhaar Act," said an official of the Unique Identification Authority of India. These compliance reports will be verified by UIDAI on its own or through an auditor.

"The department of telecom and UIDAI had done their audit. The company has complied with (removing) whatever deficiencies have been found. On that basis, their licence has been extended but they will submit quarterly reports to ensure there is no misuse," the official said.

Airtel Payments Bank eKYC licence suspension continues and will be revoked only after the Reserve Bank of India (RBI) gives clearance, the official said.

Bharti Airtel did not immediately respond to queries seeking comment.

The country's largest carrier found itself in a quagmire af-



ter UIDAI, in mid-December, temporarily barred the Airtel Payments Bank and the telco from conducting Aadhaar-based verification under eKYC process for opening payments bank accounts for its subscribers without their knowledge and consent, thus violating the Aadhaar Act, 2016.

A fine of ₹2.5 crore was also imposed on the payments bank and the fiasco led to exit of its chief executive, Shashi Arora.

The furore only grew when oil companies and the oil ministry claimed that ₹167 crore of LPG subsidies had been deposited in the accounts of Airtel Payments Bank, while customers were completely unaware that such accounts had been opened.

UIDAI also asked RBI, the telecom department and audit-consultancy firm PricewaterhouseCoopers India to conduct audits of Bharti Airtel and Airtel Payments Bank on whether systems, processes,

applications, documentations, et al were compliant with licence conditions.

The telco deposited ₹2.5 crore as penalty with the authority and returned the full ₹167 crore with a 7.25% interest to the original DBT accounts of some 55.63 lakh beneficiaries.

In January, Airtel Payments Bank terminated relationships with nearly 1,000 retailers for not following due process while on-boarding customers after Airtel's banking arm conducted internal investigations.

However, earlier this month, RBI imposed a penalty of Rs 5 crore on Airtel Payments Bank for violating operating guidelines and KYC norms.

Airtel Payments Bank had commenced operations in January last year, and offered 7.5% rate of interest on the accounts opened by customers, as an introductory offer.

At present, it has 21 million customers.