

**E-KYC USED TO OPEN PAYMENT BANK A/CS WITHOUT CONSENT**

# Airtel May be Fined for Aadhaar Abuse

Fine to be based on the number of days for which the rules were violated; amount may run upwards of ₹2 cr

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**New Delhi:** Bharti Airtel may have to pay a fine for the alleged violation of rules on using Aadhaar for its electronic know-your-customer (e-KYC) verification process, according to an official of the Unique Identification Authority of India (UIDAI).

The country's top telecom operator has been temporarily suspended from using Aadhaar to authenticate connections and open new payment bank accounts by UIDAI.

The penalty will be based on the number of days for which the rules were violated and could run upwards of Rs 2 crore, the official said.

"According to the Aadhaar Act, the penalty is a few lakhs for each day of violation," he said. "A notice has already been sent to the company and a final amount will be decided after PwC—which has been engaged by us—finishes its audit."

UIDAI had sent a notice to the company in September after receiving complaints from citizens that it was opening payment bank accounts without the explicit consent of users. It also led to LPG subsidy payments be-

### Wrong Connection

**Penal Action**

- ▶ **Over ₹2 cr Penalty** could be imposed on telco
- ▶ **Final amount** to be decided after PwC finishes its audit

**Customer Complaints**

- ▶ **Several users** had complained against telco opening payment bank a/cs without consent
- ▶ **LPG subsidy payments** were also directed to these accounts

**Taking Note**

- ▶ **UIDAI sent a notice** to co in Sept over the issue
- ▶ **Airtel has been temporarily suspended** from using Aadhaar to authenticate connections
- ▶ **Co has been barred** from opening new payment bank accounts

ing directed to the accounts.

"We can confirm that we have received an interim order from the UIDAI regarding temporary suspension of Aadhaar-linked, e-KYC services till their satisfaction on certain processes relating to Airtel Payment Bank's onboarding of customers," an Airtel spokesperson told ET in a statement.

Bharti Airtel is engaging with the authority and is hopeful of an early resolution, it added. "We are also undertaking to complete the said actions on priority and have commenced thorough checks of our process flows," it said. "Being compliant to

all guidelines is paramount to us. In the interim, any inconvenience to our customers is regretted."

Aadhaar linking has been made mandatory for phone accounts in order to crack down on their misuse by terrorists and other criminals.

Bharti Airtel customers didn't realise accounts were being opened and subsidies redirected, according to the UIDAI official.

"Many customers were not aware of the change in bank account and thought that government had stopped their subsidies," said the UIDAI official. Subsidies of almost 4.7 million

LPG customers amounting to Rs 167 crore is said to have been transferred to such accounts.

Bharti Airtel said UIDAI had brought the matter to its notice and it had sought to make amends.

"We had put in a process wherein every customer had to give an explicit consent to open a bank account," it said. "The express check within the app was also changed to opt-in mode."

UIDAI has alleged that the mobile app used by Airtel executives to verify connections had a pre-checked box stating that the user wanted to open an Aadhaar-linked payment bank account also.

Fitch Ratings director Nitin Soni said he doesn't expect any meaningful impact on Airtel's financials.

"It's only going to affect the incremental customers coming to Airtel's network," he said. "Also, we expect Airtel to quickly resolve this with UIDAI in the few days."

The move may disrupt new payment bank accounts opening, especially since rival Reliance Jio is preparing for the launch of its own payment bank soon.

*(With inputs from Gulveen Aulakh)*