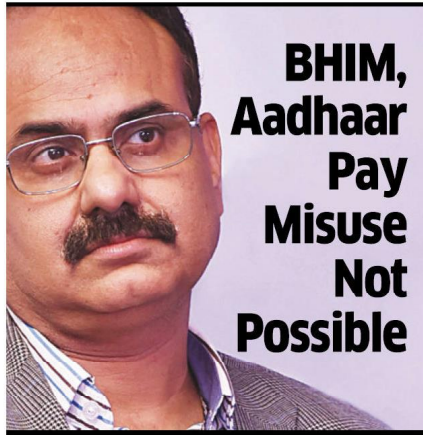


ET Q&A

AJAY BHUSHAN PANDEY
CEO OF UIDAI



CEO says BHIM-Aadhaar Pay more secure than any debit or credit card platform

The BHIM-Aadhaar Pay system is more secure than any debit card or credit card network, said **Ajay Bhushan Pandey**, CEO of Unique Identification Authority of India, which issues the 12-digit identification Aadhaar number. In an interview to **Surabhi Agarwal**, he also spoke about the incentives that the government will offer to merchants accepting payment through Aadhaar and the plans for scaling up. Edited excerpts:

What is the aim behind launching BHIM-Aadhaar?

It is meant for those who cannot use other means of digital payment, particularly if they don't have a mobile phone or they are financially illiterate to handle usernames, PINs, passwords. Such people can use their fingerprint and Aadhaar number for digital payments. Now the system is ready, more than 56 lakh bank accounts are linked with Aadhaar and more than 75% Jan Dhan Yojana accounts have been seeded with Aadhaar. Even if bricks-and-mortar banks are not there or business correspondents are not available, local kirana, medicine shops, hospitals or fertilizer shops or ration shops can start accepting payments through BHIM-Aadhaar Pay. It will provide great convenience to people.

In terms of infrastructure, how many people accept payment through it at present?

The finance minister said that by September 2017 banks will enrol 20 lakh merchants on BHIM-Aadhaar Pay. Now that the whole scheme has been launched, activity on this front will gather steam. The PDS (public distribution system) shop owners, the fertilizer shops or even common service centres will be the likely target merchants for it. Parallely work will be done to enlist the merchants - such as kirana and medical shops. The good thing is that the merchants don't have to pay any MDR (merchant discount rate); merchants will rather receive an incentive of 0.25% of the transaction value subject to certain caps, which will be prescribed. Customers will not be charged anything. And this is a very, very safe method of making a payment.

How much has the government budgeted for the incentives to be given to merchants?

The total amount is being still

estimated. The government has already made the commitment. The ministry of IT is working on this; it is trying to estimate how much money will be required month-wise and then it will make the fund available.

For how long will the incentives be given?

Any incentive is always subject to some further review. You start with the incentive and then go on fine-tuning the old structure as you go along to make the scheme more effective. I don't think any time period has been prescribed at this stage.

How would you respond to concerns being expressed over the security of Aadhaar Pay?

I would like to assure you that it is fully secure. The merchant will use an application which will be developed by the bank itself and then it will be security tested by the NPCI (National Payments Council of India) and also other appropriate security agencies. The bank's software will make sure that any biometric will be encrypted at the time of capture and that it is not capable of any misuse. Supposing that some issues still happen, the money will go from, let's say, my account to the merchant's account. So the person who has misused will easily be identified. Here the merchant has been clearly identified and enrolled by the banks. Therefore, there is absolutely no possibility of a misuse and if any misuse happens then 100% the person will be caught and will have to face the consequences of the law. So the fears of security and misuse, as far as BHIM-Aadhaar Pay is concerned, are completely unjustified.

What is the current scale of the merchants' network for the payment system?

It is around 1.75 lakh merchants. But I would like to reinforce that it is the most secure payment system. This is much more secure than any debit card or credit card platform. The merchant's account is seeded with Aadhaar; it is validated with the bank accounts. It is not a case where on an internet site you make a payment and the merchant is present in some foreign country island or something that we can't trace it. On BHIM-Aadhaar, the merchant is within the country, so wherever the money goes, it can be traced.