

VOLUNTARY OFFLINE AADHAAR FOR OTHER CUSTOMERS: UIDAI TO BANKS

# 'Use Aadhaar eKYC only for beneficiaries of govt schemes'

MPOST BUREAU

**NEW DELHI:** The UIDAI has clarified to banks that Aadhaar eKYC can be used to authenticate beneficiaries of government subsidies and welfare schemes while for other customers physical Aadhaar card can be used for verification, a source said.

The Aadhaar-issuing authority Unique Identification Authority of India (UIDAI) wrote to the banks last week clarifying the instances and modes in which Aadhaar can be used, and a copy of the same was also sent to the Reserve Bank of India, a senior UIDAI official said.

The UIDAI wrote to banks after it received a legal opinion on the matter, in the wake of a recent Supreme Court verdict that restricted the use of Aadhaar by private entities but cleared it for welfare schemes.

The UIDAI informed the banks that they can use Aadhaar authentication for beneficiaries of government subsidies and welfare schemes, and listed various 'options' for the use of Aadhaar (such as Quick Response or QR code and offline Aadhaar) for other banking customers in the light of Supreme Court judgement in the Aadhaar case, said the official who did not wish to be named.

Physical Aadhaar card can be used for verification in an offline mode if produced voluntarily, it clarified.



## Highlights

- ▶ The UIDAI has clarified to banks that Aadhaar eKYC can be used to authenticate beneficiaries of government subsidies and welfare schemes
- ▶ For all other customers, banks cannot use Aadhaar electronic know your customer (e-KYC) authentication for opening bank accounts

UIDAI CEO, Ajay Bhushan Pandey said, "There are viable and completely paperless and digital options available through the digitally signed electronic form of Aadhaar which allows identity to be verified online without pinging our server. And through such methods, the services can be seamlessly and digitally offered by banks for non-DBT customers". He also confirmed that UIDAI's views had been sent to banks but did not elaborate on details.

UIDAI has said that banks will be entitled to seek authentication of the beneficiaries availing subsidies, benefits, services under Aadhaar Act, for transfer of any subsidy or benefit to the bank account of the beneficiary, as well as for facilitating the withdrawal of money through Aadhaar based micro-ATM machines.

This means Aadhaar Enabled Payment System (AePS) and BHI-

MAadhaar Pay shall remain operative and bank can continue to maintain and provide these facilities so that Direct Benefit Transfer or DBT beneficiaries can withdraw their money through the micro-ATMs, AePS, BHIM Aadhaar Pay.

In its circular to banks, the UIDAI said that for customers giving a declaration that they want to receive entitled benefits or subsidies of welfare schemes funded from the Consolidated Fund of India in their account directly, banks could perform Aadhaar-based authentication using e-KYC for opening bank accounts too.

For all other customers, banks cannot use Aadhaar electronic know your customer (e-KYC) authentication for opening bank accounts. They are, however, not barred from accepting physical Aadhaar card or offline electronic Aadhaar, if offered voluntarily by an individual for

opening bank accounts and verifying the authenticity through Quick Response code and others means, the official said.

While these offline modes will be considered Officially Valid Documents (OVD) for KYC purpose in such cases, the banks will be required to mask the first eight digits of the Aadhaar number while storing the physical copy of the Aadhaar card or e-Aadhaar, as per norms, the UIDAI has said.

The UIDAI circular said that for convenience of non-DBT beneficiary clients and to avoid paper-based manual process, banks can develop a web or mobile application which can leverage QR code printed on physical Aadhaar, or other Aadhaar modes containing UIDAI's digitally signed KYC information to open bank accounts, provided Aadhaar holder produces these on a voluntary basis.