

## Bankers call for digitisation, financial inclusion

Our Bureau

1

Life Insurance for Seniors

2

Best Investments for Retirement

3

Small Business Ideas

*Urge RBI to relax KYC norms, encourage use of digital signature for authentication*

Mumbai, February 19:

To promote digitisation and a 'less cash economy', the banking sector has suggested to the Reserve Bank of India to consider paperless account opening, without a specimen signature (physically signed).

In a presentation made to RBI Governor Raghuram Rajan recently under the aegis of the CII Banking Summit, it was mentioned that methods such as one-time password, biometric authentication and digital signature could be used to open such accounts.

The industry observed that online verification of the customer and consent capture were possible using Aadhar by UIDAI, through KYC details registered with NSDL, and the likes.

Bankers said that accounts without signature could be allowed only for digital transactions or at biometric ATMs, as a tiered offering, adding that such facilities were available in various countries like the US, the UK and Poland.

Further, it was suggested that KYC requirements for merchants with volumes below ₹ 50,000 a month be re-evaluated. It was urged that these merchants be acquired through limited KYC.

Another measure mooted was the strengthening of the inter-bank payments system (IMPS), so that non-financial information could also be carried along with amount details, thereby enabling banks to offer value-added services to merchants and customers.

### Tax incentives

Tax incentives to both the payer and receiver of money for using electronic means were discussed.

On the issue of fostering financial inclusion, bankers felt that policy needed to be amended, so as to provide data of individuals and small businesses with their permission to potential lenders, besides inclusion of bill payment, tax payment, and provident fund payment behaviour into credit information bureaus.

Another aspect pointed out was the re-evaluation of the use of branches in semi-urban and rural areas, based on the number of active customers, as it was possible to reach people using technology. A uniform KYC between banks and telecom service providers was recommended to harmonise documentation requirements and reduce customer acquisition costs.

### Use of ATMs

On the ATM front, the use of ATMs as a property to display advertisements in accordance with the Advertising Standards Council of India was proposed, with a view to generate an additional stream of income and reduction in cost of setting up and operating ATMs.

A level-playing field with e-market places was urged, stating that all e-market places should accept every payment instrument, besides making two-factor authentication compulsory for all (there is no two-factor authentication for wallet users). Additionally, the industry pressed for suppression of two-factor authentication for low-ticket transactions.

Also mooted were 'zero per cent EMI' programmes by banks, akin to those offered by original equipment manufacturers associated with NBFCs (banks are prohibited as of now), thus allowing banks to offer schemes at rates above the base rate and where interest was borne by the OEM.

Finally, aligning capital requirements of Indian and foreign banks was sought, besides allowing Indian banks to participate in the non-deliverable forwards market with the rise of *masala* bonds – for investors to hedge currency volatility (foreign banks can access the NDF market while Indian banks cannot).

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