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Aadhaar-enabled smartphones will ease money transfer

By *Neha Alawadhi* & *Gulveen Aulakh*, ET Bureau | Updated: Aug 10, 2016, 03.38 AM IST

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NEW DELHI: With its plans to make smartphones Aadhaar-enabled, the government hopes to provide users a means to do self-authentication and let businesses and banks verify the identity of their clients through their smartphones, a move that could potentially lead the way to a cashless society.

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"Iris and fingerprint sensors are now becoming a standard feature in smartphones anyway, and this requirement will only take a minor tweak to the operating system. Once enabled, people will be able to use phones to do self-authentication and KYC (know your customer)," Nandan Nikelani, former chairman of the Unique Identification Authority of India, told ET, welcoming the government's plan to make smartphones Aadhaar-enabled.

ET was the first to report that on July 27 a meeting between UIDAI, which administers Aadhaar, and senior executives of smartphone-makers discussed ways to allow smartphone handsets let citizens authenticate their fingerprints and iris on the phone to get services. The most immediate use for the Aadhaar-enabled smartphones is the Unified Payment Interface (UPI), the new payment system that allows money transfer between any two parties using mobile phones and a virtual payment address.

"The two-factor authentication in UPI is now being done with mobile phone as one factor, and MPIN as the second factor. But once you have Aadhaar authentication on the phone, then the second factor can be biometric authentication through Aadhaar," said Nilekani. Over time, the idea is to open Aadhaar authentication to third party apps, said another person familiar with the ongoing discussions, who did not wish to be named.

In effect, biometric and iris scan authentication could become one of the permissions a user grants to different third party apps, such as access to camera, contacts, phone book and so on. Handset makers have raised concerns about some security issues on using iris scan for Aadhar authentication. Also, companies such as Apple that have very closed ecosystems, would not be easy to get on board, several people told ET.

"The primary challenge lies in safe storing of the iris scan between the time it is captured by the camera and then sent to UIDAI server seeking authentication," said an industry insider, who is aware of the discussions, requesting anonymity. The proposal for smartphone makers includes a "hardware secure zone" where biometric data will be encrypted and sent out. It will not leave the electronic secure zone without encryption, and every phone doing Aadhaar authentication will be registered in the UID system.

"Unfortunately, from the biometric sensor the data goes to the hardware secure zone via the operating system. Therefore, the biometric

data can be intercepted by the operating system before it is sent to the hardware secure zone," said Sunil Abraham, executive director at Bengaluru-based research organisation, the Centre for Internet and Society.

"The reluctance to make changes at the vendor level are mainly coming from a desire for control of biometric data for strategic and commercial purposes. Privacy and security are bogus reasons," Nilekani said, adding that both ends - the handset and the Aadhaar database -- will use the highest level of encryption.

Samsung India, which in May launched the Galaxy Tab Iris, a device that uses Aadhaar authentication, said it has taken care that its user's biometric data does not fall into the wrong hands. "We ensure that biometric data is encrypted as per UIDAI specifications in device itself for Galaxy Tab Iris," Sukesh Jain, vice president, Samsung India Electronics, told ET in an email response.

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